Daily Report

Latin America

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FBIS-LAT-93-132 *13 July 1993*

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Cuba

Alarcon Comments on Latin American Integration

FL1207020993 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 12 Jul 93

[Report on interview with Cuban president of the National Assembly of the People's Government, Ricardo Alarcon, by Lori Estevez; date and place not given—passages within quotation marks recorded]

[Text] After having been involved in the world of international relations and Cuban foreign policy for more than 20 years, and having witnessed the first two Ibero-American summits, Ricardo Alarcon, president of the National Assembly of the People's Government, is the ideal spokesman as we approach the Ibero-American Summit of Salvador-Bahia.

[Alarcon] "All the great patriots of the past century, such as Simon Bolivar and Jose Marti, called for an economic and political integration among Latin American countries."

In his statements to NTV, Alarcon spoke of the importance of the Guadalajara Summit, the first Ibero-American summit to be held without the presence or at the summons of the United States.

[Alarcon] "I also believe that the document signed in Guadalajara [words indistinct] summarizes the general principles defended by our countries. This moment was seen as the first step toward our integration."

Alarcon also spoke of Cuba's role in the current Latin American context on the verge of the presidential encounter to be held in Salvador-Bahia.

[Alarcon] "Furthermore, Cuba is Marti's country. It is the country that has developed its internationl policy focused on regional integration, not only in words but in actions. This was Fidel's message in Guadalaiara and Madrid and this will probably be his message in Salvador. (?We will) do everything necessary to move toward the integration of Latin America. This is the country where Marti was born, where he grew up, and where he taught. Jose Marti always highlighted the risks of Latin American division and, as did no one else, struggled for close ties among our peoples."

Alarcon Discusses Foreign Relations Commission

FL1207211193 Havana Radio Rebelde Network in Spanish 1700 GMT 12 Jul 93

[Text] With the goal of developing Cuban relations with the world, beginning domestically and with the reality of our people, the permanent working commission of the National Assembly of the People's Government [ANPP] had its first session, during which they drafted governmental relations with the rest of the states. Ricardo Alarcon de Quesada presented the new presidency of the commission, composed of Yolanda Ferrer, journalist Lazaro Barrero, and Ramon Pez Ferro who will serve as secretary.

Regarding the goals and agenda of the International Relations Commission, the ANPP president said:

[Begin Alarcon recording] It does not deal with the work of a group of specialists, nor are we going to create another international relations apparatus in the administrative sense. It deals completely with incorporating this task [word indistinct] foreign with all the deputies who form the ANPP and to make sure that, along with everyone's efforts, the ANPP, bodies of the people's government—not just the bodies of the ANPP, but also the provincial and municipal people's councils—participate honestly in something that for Cuba has always been vital, and that for Cuba today is completely decisive, the defense of a besieged, harassed country, a country that, even before it appeared in history, had to confront the designs of a great power trying to assimilate, dissolve, and destroy it. [end recording]

Guantanamo Workers Repudiate U.S. Allegations of Cruelty

FL1307021493 Havana Radio Rebelde Network in Spanish 2300 GMT 12 Jul 93

[Text] The workers of the Frank Pais II plant have come out in favor of increasing their production of refined salt for human consumption and preparing themselves to better defend the fatherland. This plant, the largest in the nation, is located in Caimanera Municipality. That decision was reiterated today at a meeting [preceding word in English] held in repudiation of the imperialist affronts regarding alleged improper conduct on the part of the border troops and in support of the editorial in the newspaper GRANMA.

Hundreds of this plant's workers demonstrated the firmest support for the Revolution and made a commitment to stabilize production in the coming days, to end the year with an accumulated amount of over 90,000 tons of salt of various kinds. With such an amount, they will be ensuring the continuity of salt deliveries to domestic trade, earmarked for consumption by the population, a figure that is 75 percent of the national salt-processing plan.

In the streets of the town of Caimanera, which is located in front of the naval base on the Bay of Guantanamo, which is occupied by Yankee sailors, the gatherings held to reject the insolent U.S. affirmations regarding alleged acts of cruelty on the part of the border troops against people who attempt to leave Cuba illegally, continue.

Another such combative meeting [preceding word in English] was held at the headquarters of the Pepito Tey Column, Column No.19, of the Frank Pais Second Eastern Front Agricultural Contingent in Niceto Perez Municipality.

Electricity Supply in Havana Continues 'Critical'

FL1207181893 Havana Radio Rebelde Network in Spanish 1700 GMT 12 Jul 93

[Text] The Havana City Fuel Union announced that due to reduced raw material availability, beginning today there will be a reduction in the production of manufactured gas, causing a more restricted schedule of this service. For this reason, today hours will be from 0600 to 1100 and from 1800 to 2100. They also announced that liquid gas will no longer be distributed until it is available again.

The Electric Union announced that its service in Havana City continues to be critical, as in past days, and in accordance with the country's goals, will cause new shortages, which will be announced as needed. This situation has also caused problems in the water supply of municipalities in the capital despite the fact that the Electric Union and Water Supply Directorate have taken joint measures to protect the principal water supply sources.

The Havana City Servi-Center Enterprise reports that since 8 July, they have begun supplying gas to the service centers in the capital to sell to those who have not been able to buy gas. They added that when more gas is available, they will give new coupons to their users. Users will be informed as needed.

'Different Atmosphere' Noted in Relations With U.S.

PY1307012693 Madrid EFE in Spanish 2019 GMT 12 Jul 93

[Text] Salvador de Bahia (Brazil), 12 July (EFE)—Ramon Sanchez-Parodi, Cuban foreign relations vice minister, stated today in Brazil that Cuba notes a "different atmosphere" since Clinton assumed office as President of the United States, but "there have not been major changes" in the icy relations between the two countries.

Sanchez-Parodi added that the U.S. "blockade policy"—a "fundamental issue" for Cuba—has not been modified despite "speculations" about the dawn of a new phase in relations between the two countries.

He said: "There is more speculation than fact" about a possible new U.S. policy over Cuba, although the Cuban Government acknowledges that "some change has been effected." The vice minister in charge of relations with Latin America and the Caribbean is in Salvador, Bahia, to attend the Third Ibero-American Summit.

Sanchez-Parodi declined to disclose what Cuban President Fidel Castro would say at the summit concerning relations with the United States, but pointed out that his country's stance on this issue has always been to "denounce the illegal blockade."

Sanchez-Parodi further stated that Cuban relations with several Latin American countries, such as Colombia, have greatly improved as seen by the establishment of consular relations with these countries following the First Ibero-American Summit convened in Guadalajara (Mexico) two years ago.

The Cuban diplomat told journalists that Cuba and Colombia "established consulate generals in their respective countries and have fostered trade relations and tourism," though he made it clear that a rapprochement in relations "is not on the agenda."

Sanchez-Parodi added: "We are not considering establishing diplomatic relations (with Colombia) during this meeting."

* Growth in Herbal Medicines Reported

93P20203A

[Editorial Report] Havana GRANMA in Spanish of 18 June 1993 on page 3 reports that 508 pharmacies throughout the country are selling herbal medicines. The article reports that there are 48 laboratories devoted to developing herbal medicines, which are sold in the form of creams, syrups, and tinctures. According to the article there is at least one herbal medicine pharmacy for each People's Council in Havana City. The industry faces shortages of containers, raw materials, and the cultivation and drying of plants.

* Commentary Criticizes Energy-Wasting Methods

93CA0144A Havana GRANMA in Spanish 26 May 93 p 2

[Commentary by Ivette Villaescusa:"They Ought To Be Here and There...."]

[Text] Some days ago I was told about a hospital in which the cooking was done over firewood that was brought in from dozens of kilometers away. This is not the only such example. Does this really save energy, we should ask, since a vehicle and fuel are needed to transport the wood.

We get nowhere by economizing here and misspending there. The point is to try and substitute for fuel and energy without wasting resources somewhere else, inasmuch as efficiency and savings are vital right now.

Inefficiency and waste thwart the development of any country. To avoid them we need the proper application of science and technology, state-of-the-art technologies; we need to enhance technological and labor discipline, and above all we need a much better collective awareness among workers, innovators, the people. We even need to create such a culture among students and children.

It was with good reason that the National People's Assembly, the movement of the Forum, the National Association of Innovators and Efficiency Experts, the

Technical Youth Brigades, the Cuban Workers Federation and its unions, and the Federation of Cuban Women made promoting the national energy program a priority.

Studies and efforts have been under way in Cuba for several years now to replace conventional energy sources with sources that can be found on the island. Ten have been identified, the major ones having to do with our oil and the residues of the sugar industry, bagasse and cane trash mainly. In many places, bakeries, to cite just one example, are running off cane trash briquettes.

Although these sources offer the most potential for now, there are still difficulties involved in making use of them. Maximum use is not being made of sugarcane residues, and Cuban crude oil is heavy and corrosive, and thus before it can be used in thermoelectric plants and other industries, adjustments, adaptations, and innovations have to be made to prevent or mitigate the damage that it could do.

As a result, in spite of the current knowledge about domestic sources and the steady gains that are being made in using them, oil derivatives are still our main source of energy. This is why they must be conserved and managed carefully; this is why each group must discuss earnestly and in depth how much it can save, and how, and then do so.

If we fully realized that just by turning off one light bulb or one piece of equipment that does not have to be on at each center, we could save hundreds of tons of fuel, and if we acted accordingly, then the road would be shorter and less bumpy.

Savings and efficiency are two of those words that are popularly described as "hackneyed." We have been hearing and repeating them for quite some time. The fact is, though, that they have never received the attention they deserve, and now more than ever each one of us needs to internalize them, for our own benefit.

Let us remember that in order for savings and efficiency to have real meaning and be appreciated, they must be present everywhere. The solution cannot be to rob Peter to pay Paul.

Vietnam To Supply 100,000 Tons of Rice Annually

FL1207141993 Havana Radio Rebelde Network in Spanish 1155 GMT 12 Jul 93

[Text] The Vietnamese foreign minister announced at a news conference that Vietnam has agreed to supply Cuba with 100,000 tons of rice annually with favorable payment conditions.

Legislative Standing Rights Committee Formed

FL1307022593 Havana Radio Reloj Network in Spanish 2300 GMT 12 Jul 93

[Excerpt] The committee for attention to children and young people, and women's equal rights was formed this afternoon at the International Press Center. The committee is presided over by Vilma Espin, a member of the Central Committee [of the Communist Party of Cuba]. [passage omitted]

Haiti

Cedras To Form Political Party, Run for President

FL1207235993 Port-au-Prince Signal FM Radio in French 1700 GMT 12 Jul 93

[Text] SISO [expansion unknown], a press agency, announced that General Raoul Cedras might form a political party following his retirement as head of the Army. This is a statement from one of his close associates, who wishes to remain anonymous. According to this source, quoted by SISO, friends as well as civilian and military supporters of the commander in chief are urging him to create a movement to rally all those who advocate national sovereignty, and who believe in a new, more equitable, more united, more democratic Haitian society.

Evoking the New York talks, SISO points out that the Governors Island hero, Gen. Cedras, amazed the international community and left public opinion with the image of a pragmatic, responsible, unselfish statesman, ready to sacrifice himself for the good of the common homeland. Anne-Marie Issa, Signal FM correspondent in New York, thus described him as he has come to be seen by the Haitian community since the 3 July meeting.

The SISO source goes on to say that the true country must revive under the leadership of a unifier, and that only Gen. Cedras has proven to have the makings of that. This source, who wished to remain anonymous, was quoted by SISO.

Within the entourage of the commander in chief, it is rumored that if this party is to be formed, it would be called Rally for the New Haiti [Rassemblement Pour La Nouvelle Haiti, RPNH] and would soon become the most important political force in the country. This source explains that the general might represent his party in the 1995 presidential elections.

Further on Cedras on Agreement, Role of Parliament

FL1207171693 Port-au-Prince Tele-Haiti in French 1130 GMT 12 Jul 93

[Report on news conference by General Raoul Cedras, commander of the Haitian Armed Forces, at the Army General Headquarters in Port-au-Prince on 9 July—recorded in Creole]

[Text] Another obvious supporter of the Governors Island Accord is General Raoul Cedras. He reaffirmed on 9 July the willingness of the military to respect this agreement. During a news conference at the Haitian Armed Forces [FADH] General Headquarters, the FADH commander in chief, who was celebrating his birthday, said he wants the parliamentarians to assume their responsibilities and act quickly. The Army chief stated that the military opened a door to a negotiated solution of the Haitian crisis by signing this agreement. Gen. Cedras stated that the Army wants to respect this plan for a solution in the same way it assumed its role for the success of the December 1990 elections. We will listen to an excerpt from this news conference.

[Begin recording] [Cedras] You have talked to me about the role the parliament has to play. As far as I am concerned, I want parliament to play its role as quickly as possible and the president to appoint his prime minister as quickly as possible because if the Army believes it has opened a door to a solution today, there are other people who have their roles to play. We want them to play it. We want the agreement to be honestly executed.

[Correspondent Patrick Eliancy] There are people who are still apprehensive or doubtful about the applicability of this agreement. What can the military say in order to calm the apprehensions of those people?

[Cedras] I can say that we decided to sign this document. We honestly signed it and we mean to honestly enforce it. I have noted that you are not the first journalist here who speaks of doubts. However, given the way I see this, I view that with a bit of—I could say—bitterness instead of sadness. I see that not many things have changed. Every time an event occurs in the country, everyone is focussed on the Army as if the Army has never played its role properly, as if it is the Army's (?fault) if there are things that are not being done. We signed a comprehensive plan which we think is good. But when you read the agreement, you will see that the Army has assumed its responsibility in matters that concern it. We will not enter into the business of the parliament, the prime minister, or government. The Army wants to confine itself to its role as an Army. We signed something that specifically concerns the Army. Our decision in the Army....

[Unidentified correspondent, interrupting] Gen. Raoul Cedras, you signed for Father Aristide to return to the country on 30 October. Does the Army (?accept) this condition?

[Cedras] [Words indistinct] condition. I do not see what you mean....

[Unidentified correspondent, interrupting] I mean the Army has committed itself to having Father Aristide return to the country on 30 October. Is the Army ready to work in this sense?

[Cedras] I maintain that it is a comprehensive agreement that was signed. You are focussed on the return. But this is not the only point in the agreement. Many people must do many things for the execution and the enforcement of the agreement.

[Unidentified correspondent] Like what, Gen. Cedras?

[Cedras] Parliament and the president must participate in an appeasement campaign [words indistinct] the country because I do not believe—given the way society in the country is divided—that we can be involved in struggles, fighting one another. It is time for those things to end. Let us settle serious things now. Our country has been independent for 200 years. What has been organized? No one should tell me it is the Army's fault. There have always been leaders in the country. What have they organized? (?At least) it is now time for us to stop trifling and (?do) serious things because human rights are being discussed all the time, but your rights and my rights are not respected. If you become sick today, where will you be treated? To which hospital will you go? I do not see any major hospitals in the country. I do not believe it is the Army's job to organize hospitals. Everyone must now assume their responsibilities because power is the first responsibility. [end recording]

Reconciliation Commission, Alliance Senators Clash

FL1307001793 Port-au-Prince Radio Metropole in French 1600 GMT 12 Jul 93

[Excerpts] The legislators still disagree on the normalization of parliament. It should be noted that a meeting of those Haitian political parties represented in parliament will be held on 14 July at UN headquarters in New York.

On 9 July, a reconciliation commission, formed in the Chamber of Deputies, issued a series of proposals, including the temporary suspension of those elected on 18 January, and the dissolution of the two rival blocs. For the moment, these proposals, not yet applied, seem to clash with the Alliance senators' opposition. Edner Jean filed a report:

[Begin recording] The commission proposes that the 18 January legislators withdraw until a legal institution comes up with a definitive decision on their fate. This censor could be the Supreme Audit Court, since it is endowed with law-reform rights, in accordance with the provisions of the Constitution.

In addition to the Supreme Audit Court, the report provides for the creation of a reconciliation commission for resolving disputes. This institutional entity depends, however, on the normalization of the country's various institutions. Failing presentation of a fair, definitive solution to the problem posed by those elected on 18 January, the commission recommends a reconciliation of the two enemy blocs. The commission proposes the

resignation of the two offices that divide the lower chamber, while awaiting the election of a new, neutral office.

These parliamentary tasks will be the responsibility of the most senior member among those deputies legally elected on 16 December 1990 and on 20 January 1991. This normalization plan by parliament has already been approved by the Alliance deputies, according to Deputy Antoine Joseph, president of the Alliance office. The most difficult task, however, remains convincing the Alliance senators to accept this plan because until yesterday, they expressed their fierce opposition to any normalization of parliament that would not accept the 18 January elections. [passage omitted]

Intense talks are in progress in parliament, prompting Alliance senators to adopt this plan proposed by the commission on normalization in the lower chamber. Time is running and we cannot allow ourselves to let the crisis last longer, warned Deputy Antoine Joseph, who well knows what he is talking about because he just received a letter from the Central Bank governor. [passage omitted]

This solution for normalization, if it is finally accepted by the Alliance senators, should also be accepted by the legislators of the constitutionalist bloc. That is where the question remains. [end recording]

Deputy Group Approves Governors Island Agreement

FL1307011993 Port-au-Prince Radio Metropole in French 1600 GMT 12 Jul 93

[Text] A group of deputies, from all political leanings, favor the 3 July Governors Island agreement. These legislators feel that the signing of the agreement requires reciprocal concessions and that the different political sectors are thereby encouraged to demand its application as soon as possible.

The deputies from the various political parties are committing themselves to making efforts for parliament's resumption of its normal activities and preparation for the return of President Aristide on 30 October.

Pro-Aristide Demonstration Dispersed in Capital

FL1207174993 Port-au-Prince Radio Metropole in French 1045 GMT 12 Jul 93

[Text] The Army commander in chief has warned against demonstrations in favor of President Aristide. Haitians should refrain from holding mass demonstrations in favor of Aristide during the transition period. He stated that there is a major difference between those who want to express their opinion and those who want to destabilize, unquote. [no reference to opening of quotation as heard]

We learned this morning that dozens of people were dispersed with truncheons when a peaceful demonstration in favor of the return of President Aristide began not too far from the ruins of the St. Jean Bosco Church on Jean Jacques Dessalines Boulevard in Port-au-Prince. Many young people, who were chanting: "Aristide or death, Aristide is the champion," were beaten while others were taken away following the intervention of approximately 50 policemen. About 30 armed civilians searched several foreign journalists and several members of the civilian mission, accusing them of violating the national sovereignty. The HAITIAN PRESS AGENCY notes that this first pro-Aristide demonstration since the Governors Island Agreement was crushed less than 24 hours after a warning from General Cedras against demonstrations in favor of those elected in the 16 December elections was published in an interview in THE WASHINGTON POST.

The HAITIAN PRESS AGENCY notes that several anti-Aristide demonstrations, by numerous people close to the current regime, took place recently without difficulties in Port-au-Prince.

Netherlands Antilles

Justice Minister Criticizes Human Rights Report

FL1207183093 Bridgetown CANA in English 1651 GMT 12 Jul 93

[Text] Philipsburg, St. Maarten, July 12, CANA—Netherlands Antilles Justice Minister Suzy Romer has taken issue with an Amnesty International report, citing the report of a commission that investigated allegations of unlawful police behaviour.

"I do not agree with the report. Amnesty International is reading the (commission) report completely different," said Romer, adding that the Ministry of Justice will keep in contact with the human rights organization if it needs further information.

Amnesty said the commission's report had found evidence of unlawful use of violence by the police on every Dutch Caribbean island except Saba. The violence mostly consisted of beatings with truncheon and occasionally cats [o'-nine-tails] and firearms were used. The commission, Amnesty International further noted, had stated that neither disciplinary nor criminal action had been taken in obvious cases of serious police violence. It mentioned cases where three men had died in police custody over the past three years.

Romer said recommendations made by the commission were "already being implemented" contrary to what Amnesty had suggested. She said the Department of Justice was being restructured, the legal department was proceeding with plans for the restructuring of the police corps, and special training sessions are being held.

She said the commission's report had concluded that the cases of "police brutality" were not a policy of mistreatment." Romer said the cases of police brutality were reopened and the conclusion of the prosecutor, after looking at all the relevant information, was that there was no evidence to bring charges.

El Salvador

Cristiani on Armed Forces Anticrime Role

PA1307043393 San Salvador Radio Cadena Cuscatlan in Spanish 1720 GMT 12 Jul 93

[News conference by President Alfredo Cristiani with unidentified moderator and local reporters at the Presidential House in San Salvador—live; broadcast in progress]

[Excerpts] [Cristiani] ...the role of the Armed Forces regarding crime in the country. The plan involves approximately 3,000 Armed Forces members who would carry out their normal exercises or troop training in areas with high crime rates rather than in areas where criminal actions do not take place. The only two instances when Armed Forces members can act are in self-defense if attacked or if they actually catch criminals committing a crime. That decision is based on Article 13 of the Constitution, which essentially states that when a criminal is caught committing a crime he can be arrested by any person to be turned over to the appropriate authority. In this case, we would be acting in accordance with that part of Article 13. Criminals would immediately be turned over to the nearest police center, whether it be the National Civilian Police [PNC] or the National Police [PN]. For obvious reasons, we are not going to disclose the areas that have been designated as high crime areas. You probably know where they are or can guess where they are, but we are not going to announce the names because we would be forewarning the criminals. The role of the Armed Forces will be restricted to a simple transfer of the troop training operations to the areas where we have detected an increase in criminal activity.

The plan was approved only this morning, so guidelines will be issued this afternoon so the various Armed Forces units can coordinate with the PNC or the PN, depending on their area of responsibility. The Presidency will be in charge of administrating the plan. I say it will be under the Presidency because the Commission To Prevent and Combat Crime will be in charge of watching over that aspect of the plan.

We want to be very clear about this situation. The Armed Forces are not going to be used in public security affairs. They have not been authorized to carry out functions that belong to the PN or the PNC. In any case, they will first try to coordinate any activity with the PN or the PNC. They would basically be the eyes of the police so the police can be more effective through the communication system. The Armed Forces communications system will be interconnected with those of the PN and the PNC for a more effective reaction to crime.

Once this plan has been implemented, the minister of the Presidency will present it to the UN Observers for El Salvador [Onusal] director so the organization can become familiar with it, thus allowing Onusal to verify that the plan's directives on the Armed Forces' noninvolvement in public security activities are being observed.

Other aspects of the plan are aimed at more specific points. I am referring to the possible creation of task forces or teams at the request of the PN or PNC directors. Such a request should be sent to the Presidential Commission, where it will receive the appropriate authorization. It would have to be a request to provide support to the security corps in activities against certain criminal groups.

In the most specific case, operations will begin on 4 August against the Farabundo Marti National Liberation Front [FMLN] groups that are still armed. The FMLN has said it has no relationship with those groups, which they call dissidents. The FMLN has from today until 4 August to see that those groups are disarmed because they have weapons belonging to the FMLN arsenal. The FMLN has also stated that as of 4 August it will break its ties with any group that does not surrender its weapons and will consider them criminals.

Nonetheless, those groups have better weapons than the police. In this case, there would probably be a request for the Army to support actions of this nature against those groups. I repeat: These operations will begin after the deadline given by the UN secretary general to the FMLN expires.

That is basically the directive that will be issued on 12 July to the police corps and Armed Forces. It has been approved by these three organizations which have drafted the plan together. It will go into effect at 0000 on 16 July, allowing a 72-hour-period for the police corps and Armed Forces to coordinate.

[Moderator] Thank you, Mr. President. We begin with Norma Jimenez, TCS Noticias.

[Jimenez] Why does the government think the weapons of these dissident groups belong to the FMLN? A question about how the weapons were obtained would have to be asked of Onusal.

[Cristiani] Concerning dissident groups, for your information, we have knowledge of several armed groups that still exist in various parts of the country. Generally speaking, we have one group near San Salvador Volcano; another group near Guazapa Hill; another group in the second military zone, namely in Santa Ana near Texistepeque and the Santa Ana Volcano; another group in the third military zone in northern Morazan Department; groups in the fourth military zone in northern Chalatenango; in the fifth military zone in the southeast area of San Vicente Volcano near Tecoluca; and in the sixth military zone in the southern part of that department.

We already conveyed this information to Onusal, which has verified and confirmed some of them, but could not

confirm others. This, however, is not really what matters, because if they are there during an operation, fine, but if they are not, much better.

The FMLN considers such groups as dissident; in other words, they do not follow orders from the FMLN leadership. Given there is a deadline extension to surrender weapons not reported in the first inventory presented to the United Nations, we think the FMLN is obliged to make an effort to dissuade these groups to surrender their weapons, disarm and demobilize, as they made a commitment to do.

The FMLN said they do not necessarily control these groups. We, as the government, and the FMLN agreed to consider them common criminals beginning 4 August and we will act against them accordingly. There are some doubts, although they cannot be confirmed, on whether these groups have actual ties to the FMLN. It would be even better if the FMLN convinced these groups to disarm, surrender their weapons, and join reincorporation programs. Otherwise, we have the obligation to fight them after this new deadline granted by the UN secretary general expires. For us there is no difference if we treat them as FMLN members or dissidents. Beginning 4 August we will act against them.

[Jimenez] I have another question; it is on the Mexican president's visit. What will the agreement be about? Could you tell us anything? Will there be any conditions on El Salvador?

[Cristiani] There has been work on an agreement that would be signed here reportedly on 14 July. The details of this agreement will obviously be revealed then. Everything, however, revolves around the free trade agreements Mexico has promoted with Central America—in this case with El Salvador—and the development of certain cooperation mechanisms that are part of an agreement signed in Mexico related to this visit by which that country will grant technical cooperation to El Salvador.

There is a request for financial aid for specific programs that has been negotiated for sometime. We hope perhaps some of them will be finalized or approved now, although some of them take some time. This involves financing through the Central American Bank of Economic Integration with resources Mexico has granted this bank. We do not see any conditions imposed on the country. [passage omitted]

[Moderator] Jorge Barahona of Teleonce Television.

[Barahona] Mr. President, I would like to go back to the Armed Forces preventive patrols against crime. You said these groups, which reportedly belong to the FMLN, will be dealt with beginning 4 August. The FMLN already said these groups do not follow their orders. Why then wait until 4 August given they can be considered criminals now? That is my first question. Also, what will accompany these preventive patrols? What equipment? Helicopters?

[Cristiani] We think if we can avoid clashes—large-scale clashes—we would be saving ourselves problems, especially loss of human lives. It would be better to avoid clashes given that the FMLN was given a new deadline to surrender weapons and Onusal, I understand, said it will try to persuade these groups to demobilize. We think it is worthwhile to let this happen and wait until the deadline expires. If this does not work and these groups take an extreme position and refuse to disarm and continue their criminal actions, we would certainly take action against them. We are sort of taking steps before reaching.... [chuckles] a possible confrontation.

As for support by the various branches of the Armed Forces, this will take place only if necessary. We have simply ordered that regular Armed Forces training—instead of holding them in places with low crime rates—be carried out in high crime places. Let us suppose, however, that we established a task force to fight armed former FMLN members. We could use the Air Force, if warranted, in such a case. The Armed Forces would, nevertheless, exclusively offer support to police actions.

[Moderator] Mario Madrid, Radio Cadena Cuscatlan.

[Madrid] Good morning, Mr. President. The Salvadoran people want to know what socioeconomic benefits the visit by President Carlos Salinas de Gortari will bring. Also, what can you tell us about the investigations into the FMLN weapons that were found? What about the documents containing information on future kidnappings?

[Cristiani] The Mexican president's visit will strengthen bilateral relations between our countries. It will be a way of speeding up programs that were already yielding benefits for the country. Mexico has implemented several programs that are helping us, the best known being the San Jose Pact in which we receive special treatment on our oil bills. As for the technical cooperation agreement signed during my visit, we have already been implementing several programs with Mexico's cooperation in the development of certain productive activities. One of them will be inaugurated by President Salinas. I am talking about a program implemented in southern La Paz Department. We believe the program with the greatest impact, even though it may not be felt immediately, is the opening of the Mexican market to Salvadoran products. We cannot grow within the Salvadoran market exclusively. I am talking about industrial growth. The more we expand markets for our production, the more we are going to expand the capability to increase the Salvadoran industrial park. That means higher wages, more jobs, and a huge number of social benefits.

As for the weapons, the matter is being investigated by various sources. I can specifically mention Interpol. The international community wants to find out about the network's ties. The FMLN was not operating there alone. It was an international terrorist network. Investigations led to the conclusion that four kidnappings were probably planned from this center, two in Brazil and two in

Mexico. A kidnapping case in Mexico is being investigated to determine if Salvadorans were involved. If that were the case, we would know what group in El Salvador was involved. Investigations are continuing. A shipment of weapons was confiscated in Darien Province, Panama that was apparently bound for Colombian drug traffickers or guerrillas. We are currently analyzing the serial numbers of the AK-47 rifles in that shipment for comparison with those found at the Santa Rosa shop. Several rifles had similar serial numbers. They are now trying to determine if they can safely say they were all from the same lot. Throughout the course of this investigation it is growing increasingly clear that it was an international network operating from Managua.

[Moderator] Maribel Montenegro, Radio Cadena Central.

[Montenegro] Good morning Mr. President, how long would the Armed Forces deployment last if the goals are not achieved? You said that some clashes might occur. Would this mean the cease-fire would be broken and an armed confrontation would take place again?

[Cristiani] We have never signed a cease-fire with the Salvadoran criminals.

[Montenegro] Would the preventive patrolling by the Armed Forces be stopped if confrontations take place?

[Cristiani] Obviously, the entire operation will be subject to constant evaluation. We believe the presence of the Armed Forces has a, let us say, dissuasive factor. I do not think a criminal is going to hold up a vehicle when an Armed Forces patrol is present. I think that is obvious. Now then, perhaps in the high crime areas, the criminals would eventually move to other road sectors to commit robberies. This plan will be under constant analysis to see how things are developing. I do not think this will harm the plan. This is not the only solution to the crime problem in El Salvador. I think this is how it must be understood. The Commission To Prevent and Combat Crime works on various aspects that will help control crime. For example, beginning in August, we will implement a program similar to one developed during the time of the conflict. It was called the bridge plan [plan puente]. It will be based on rewards for the surrender of military armament and for information leading to the discovery of such armament. This is another element that will help control and prevent crime. We give much importance to the prevention of crime because once a crime is committed, we can only regret such an action. Therefore, the presence of the Armed Forces is not the only thing being done. The commission continues to work on various aspects to see how we can obtain greater participation by the citizens [sentence as heard; station interrupts broadcast of news conference]

Church Questions Troop Deployment To Fight Crime

PA1207233693 San Salvador Radio Farabundo Marti Network in Spanish 1800 GMT 12 Jul 93

[Report by Imelda Alvarenga]

[Text] The Catholic Church has questioned the government's decision to deploy military units in the streets to fight crime. In his regular Sunday homily, San Salvador Auxiliary Bishop Gregorio Rosa Chavez said Army deployment should be discussed more carefully and responsibly because it should not be viewed as a show of force:

[Begin Rosa recording] Deploying soldiers to the streets does not seem to be a problem. A careful analysis, however, shows it is not as simple as that. The question of whether the deployment is advisable and timely involves a society that wants and needs to be demilitarized. It is also a reminder of the past when boots were all over the country trampling on anything in their path. I am referring to the boots of all quarters.

There is also a legal aspect. Experts are currently studying whether the president's decision is constitutional. The other aspect involves the peace agreements. Is the decision in keeping with the spirit of those agreements? The problem must be examined closely, without passion, and with great responsibility. This should not be viewed as a show of force. [end recording]

According to the priest, crime is not a spontaneous problem but one that has profound causes, thus we wonder whether the government's measure was the most desirable course of action:

[Begin Rosa recording] The solution stems from the diagnosis. I am afraid our diagnosis on the causes of crime is incomplete and superficial. This is a matter to which we must all contribute. Why are these things happening? It is not a spontaneous problem; there are specific causes. If we fail to attack the causes, we will fail to eliminate their effects. If the cause were simply a lack of policemen, the solution given would appear to be the correct one, but the causes are more profound. [end recording]

When questioned about reports that respect for human rights is improving, the Catholic leader said it must be improved even more. He also said the people's trust in judicial bodies must be improved:

[Begin Rosa recording] It must be improved because if it is not we will have advanced little in so many years of suffering. Here I am touching upon an issue to which I referred earlier. We must achieve genuine improvement in judicial institutions. We must see that people genuinely trust them. If we could measure the population's trust in the judicial institutions, we would have a good indicator of whether respect for human rights is improving. [end recording]

Regarding candidacies for the 1994 elections, Rosa Chavez said presidential candidates should have a clean background and be capable of offering solutions to serious social problems.

Guatemala

Government Studies Immunity for Rebels at Talks

PA1307040393 Guatemala City PRENSA LIBRE in Spanish 10 Jul 93 p 6

[Text] The government is studying the political possibility of giving special immunity to the rebel commanders who want to come to Guatemala to participate in the dialogue for peace that we proposed on 8 July, President Ramiro De Leon Carpio stated at the Presidency on 9 July.

He added that requests asking the OAS and the United Nations to participate in a mediation commission were sent on 9 July. These organizations would serve as observers in the peace negotiations between the government negotiating commission and the Guatemalan National Revolutionary Unity, URNG.

He said the government is waiting for the guerrillas to respond and noted that the plan, in general, is very difficult, but an internal armed conflict that has raged for 33 years cannot be solved overnight.

Regarding issues such as the reduction of the Army, the disbandment of the Civilian Self-Defense Patrols, and the formation of the Truth Commission, De Leon Carpio said the dialogue demands flexibility from both sides and that those who sit at a negotiating table must be willing to yield in their petitions. He disclosed that, in the case of the government-URNG dialogue, the initial talks will continue in Mexico and the permanent forum would be held in our country.

Central Bank Reportedly To Ban Dollar Transactions

PA0807201093 Tegucigalpa LA TRIBUNA in Spanish 8 Jul 93 p 7

[Text] The Central Bank Board of Directors on 8 July will adopt several complementary measures to stop a speculative wave in dollars.

With that same purpose in mind, on 6 July it raised the legal reserve ratio from 35 to 42 percent, cut credit to the government by 498 million lempiras, and closed nine exchange houses.

On 8 July the Board of Directors will reportedly announce new measures including a ban on transactions in dollars and the issuance of about 100 million lempiras in bonds with an attractive interest rate.

The Central Bank president will meet with leaders of the Honduran Association of Banking Institutions (Ahiba) to discuss the increase in the legal reserve ratio.

On 7 July the Ahiba said the seven-point increase in the legal reserve ratio will cause interest rates to skyrocket but did not specify how much.

Dollar Drops in Black Market, Rises at Exchange Offices

PA0807225793 Tegucigalpa EL HERALDO in Spanish 8 Jul 93 p 2

[Text] Tegucigalpa—On 7 July the price of the dollar dropped 20 centavos automatically in the black market but increased 35 centavos at money exchange offices after the Central Bank of Honduras [BCH] implemented measures.

On 6 July the BCH temporarily closed nine money exchange offices and increased the legal reserve ratio by 7 percent in an attempt to stop the rise in the price of the dollar.

On 7 July at most money exchange offices the dollar's sale price increased from 7.3 to 7.65 lempiras and its purchase price from 7 to 7.05.

In the black market, however, the sale price was 7.5 lempiras and the purchase price was 7.4 before the BCH measures. On 7 July prices dropped automatically to 7.3 lempiras for sales and 7.2 for purchases.

The price of the dollar at banks did not change and, according to sources at the Honduran Association of Banking Institutions, the average purchase price was 6.45 lempiras and average sale price was 6.6.

Some banks, however, were selling dollars at up to 7 lempiras and purchasing at 7.05.

Marco Tulio Borjas, a member of the Association of Money Brokers, said "we are much better off when the dollar drops than when it rises." He said lower demand for dollars does not affect them.

Borjas pointed out the BCH demand for receipts of foreign currency purchases at banks or money exchange offices does not affect them because they do not deal with travelers.

He added approximately 60 money brokers handle about $2,000 each per day or $120,000.

Borjas blamed the money exchange offices for the ongoing speculation "because they pay much higher prices than we do."

Poll Shows Liberal Party Candidate Ahead

PA1307004593 Tegucigalpa EL HERALDO in Spanish 12 Jul 93 p 5

[Text] An analysis of the data made available by two prestigious polling firms, CID-Gallup and the Survey and Analysis Research Firm [Empresa de Investigacion Sondeo y Analisis, EISA] reveals the opinions of the Honduran people on the upcoming electoral process, which is less than five months away.

It is quite evident that Liberal Party candidate Carlos Roberto Reina has been gaining support in the last few

months and has won a clear lead over his National Party rival throughout the country.

According to CID-Gallup, Jose Oswaldo Ramos Soto was virtually tied with Reina with a 40-percent approval rating in February and March 1993. According to an EISA survey conducted in the following months, Ramos Soto's popularity dropped to 32 percent in May and 30.3 percent in June.

In the last survey in June, Carlos Roberto Reina received a 39.8-percent approval rating while Ramos Soto received 30.3 percent, which in absolute terms means that the Liberals have an advantage of approximately 200,000 voters.

The National Party candidate and his team are concerned because they are making huge advertising investments but are losing rather than gaining support.

Perhaps Ramos Soto's team of advisers have chosen the wrong strategy and instead of helping him are actually leading him to failure. Such is the case of his advertising coordinator, Mario Rivera Callejas, who told EL HERALDO on 5 July: "Lawyer Ramos Soto has some weaknesses. Perhaps he does not have the attributes of a typical candidate, meaning his height, voice, or appearance." Rivera Callejas added: "We know about his present situation. It is unfavorable for Ramos Soto because whether he likes it or not he has to carry the heavy burden of the bad things done by this government." If Ramos Soto's leading advisers think like that, it would be very difficult for them to convince the people to vote for him.

In view of the situation, there is no doubt that Ramos Soto's campaign plan needs an urgent revision because a campaign of promises and more promises is apparently not producing the desired results. It undoubtedly produced good results for President Callejas, but the opposite is the case for the National Party candidate.

An electoral campaign is like a good dress; it must be made to the client's measurements, and there are huge differences between President Callejas and Ramos Soto.

Ramos Soto has promised everything possible and impossible in his campaign. He has nothing left to promise, but he has been unable to get the people to believe in those promises. Many people are now asking: What is he going to do to get the votes he needs before the campaign ends and the struggle intensifies if he has already used his ammunition?

Nationwide results in June 1993 [percentages]:

Reina	40
Ramos Soto	30
Innovation and Unity Party-Christian Democratic Party [PINU-DC]	1
No candidate	29

Survey results in some large cities [percentages]:

	Reina	Ramos Soto	PINU-DC	No candidate
Tegucigalpa	37.7	28.2	0.3	33.8
San Pedro Sula	44	24	5	27
Comayagua	44	26	1.2	28.8
El Progreso	38	26	3	33
Choluteca	36	39	0.5	24.5
Danli	50.3	29.7	1	19

Nicaragua

Northern Front 380 Communique Urges Civil Disobedience

PA1307000193 Managua Radio Corporacion in Spanish 1030 GMT 12 Jul 93

[Communique issued by Nicaraguan Resistance Northern Front 380 in the mountains of Nicaragua on 9 July]

[Text] The Violeta Chamorro regime has failed to fulfill its promises to the Nicaraguan Resistance and the Nicaraguan people, who are now facing the worst misery they have ever known. The Chamorro-Ortega dictatorship has forced the country to live off charity from the international community. Paradoxically, however, the dictatorship earmarks all the money Nicaragua receives in the form of alms to the budget of the Sandinist People's Army [EPS], which is nothing more than an Army of idlers, criminals, and murderers.

The best way for the international community to help the Nicaraguan people is by pressuring the regime to solve the political problems facing Nicaraguans. All those millions of dollars they give Nicaragua will be useless if the political problems remain unsettled. Otherwise, they are continuing to prolong the agony of our fatherland's poor people.

The dictatorship headed by Violeta Chamorro wants to give the world the impression everything is in order here, that

there is peace, that there is open and honest dialogue, that the problem only involves a few extremist politicians, and that there is reconciliation. All this, however, is a farce. This is only a strategy to cling to power in complicity with the Sandinists, and in this effort, they enjoy the support of the bloody EPS, which serves the Sandinist National Liberation Front exclusively.

As the dictatorship is unwilling to answer to the Nicaraguan people, the Northern Front 380 decided that starting 12 July 1993 the entire northern area of Nicaragua will be paralyzed because our troops will occupy militarily all access roads to northern cities. There will be no vehicular traffic, only pedestrians and people on horseback will be allowed to circulate. All highways will be occupied and anyone failing to heed this warning will simply be doing so at his own risk. The Northern Front 380 will thus not be responsible for any incident. Let us all get involved in civil disobedience.

[Issued] In the mountains of Nicaragua on 9 July 1993

[Signed] Attentively, Commander (Tecal), Nicaraguan Resistance Northern Front 380

Center Group Deputies on Assembly Board of Directors

PA1207222793 Managua Radio Corporacion in Spanish 1030 GMT 12 Jul 93

[Text] The so-called Center Group deputies, many of whom have been accused of receiving special favors from the government, informed Presidency Minister Antonio Lacayo that under no circumstances will they accept a recomposition of the National Assembly Board of Directors.

The deputies informed Minister Lacayo of their decision during a meeting held during the weekend of 3 July at Las Mercedes Hotel.

One of the so-called Center Group deputies said they reiterated to Minister Lacayo, creator of the group, that the members of the board should remain until the end of their term in 1994.

FSLN Leaders Demand Party's Separation From Government

PA1207222493 Managua Radio Corporacion in Spanish 1030 GMT 12 Jul 93

[Text] Divisions among the Sandinists seem to be widening. Twenty-nine militants, most of them members of the so-called Prolonged People's War tendency headed by Tomas Borge, issued a proclamation over the 10 July weekend demanding that the party leadership separate from the government.

The proclamation states that while the Sandinist National Liberation Front participates in the so-called cogovernment, Somozists and rightist are promoting popular discontent.

The document was signed by 29 Sandinists who demanded guidance from party leaders and urged members to intensify all forms of struggle, especially in the labor, professional, and legislative sectors, starting on 19 July.

Among those who signed the communique are Rene Vivas, Monica Baltodano, Lucio Jimenez, Danilo Aguirre Solis, Victor Hugo Tinoco, Doris Tijerino, Natan Sevilla, and other members of the National Workers Front, a group known to support Tomas Borge.

Former Soldiers End Occupation of Red Cross Facilities

PA1207154993 Managua Radio Nicaragua Network in Spanish 1100 GMT 12 Jul 93

[Text] More than 600 former soldiers ended their occupation of Nicaraguan Red Cross facilities after remaining there for more than two months demanding separation compensation.

The facilities were turned over in perfect conditions by Red Cross official Bayardo Sandoval in the presence of representatives of the Nicaraguan Human Rights Center.

As a result of talks between Reverend Miguel Angel Castro, who acted as mediator, and Felix Sanchez, negotiator for the former soldiers, 10 of the 600 protesters were included in the indemnification program and 206 former soldiers will be incorporated into the Social Action Ministry's temporary job project.

The protesters received financial aid equivalent to four to six family baskets per month, to be delivered according to various categories agreed on by the negotiators.

Panama

Ex-Officer Herrera on CIA Links to Spadafora Murder

PA1207131393 Panama City EL PANAMA AMERICA in Spanish 10 Jul 93 p 1a

[Report by Eduardo Soto]

[Text] David, Chiriqui Province—Roberto Diaz Herrera, former chief of staff of the defunct Panama Defense Forces, said on 9 July he is ready to come to Panama to testify in the trial of his former commander Manuel Antonio Noriega and nine other former officers for the murder of Hugo Spadafora.

Diaz Herrera, who has been claiming to know the whole truth about the case since 1987, challenged the Attorney General's Office to bring "the hands of justice to the highest international levels that were also involved in that horrible murder."

According to the former officer, who contacted a radio station in Chiriqui where the trial is taking place, the CIA and the Pentagon could be involved in the case because the U.S. espionage agency sent Walter Manfred

Hoffman from Costa Rica to Panama. He is the German electronic engineer who claimed to know where Spadafora was killed.

"Hoffman was sent from Costa Rica to try to provide an alibi," Diaz Herrera noted, and wondered if Special Prosecutor Carlos Emilio Herrera would be able to bring Hoffman and the persons who sent him to protect Noriega and who knows who else to testify.

Diaz Herrera indicated Spadafora was aware of the "multimillion dollar business" U.S. military and espionage authorities were involved in with the Nicaraguan contra and Colombian drug traffickers. What did Hugo Spadafora know about the CIA trucks that were loaded with drugs from Costa Rica and Panama to be taken to the United States?" [no opening quotation mark as published] the former officer asked in his rambling style.

That "multimillion dollar business" is one motive to silence Hugo Spadafora, Diaz Herrera said, citing as proof the book entitled Black Eagles by reporter Larry Collins, which reveals CIA secrets.

Christian Democratic Legislator Camilo Brenes brought a copy of this book to the hearing. Its pages contain testimony Collins gathered regarding a conversation in which Noriega assured former aide Jose Isabel Blandon that "our CIA friends know exactly what happened. They have a key witness that will save the day."

Diaz Herrera, who sparked a crisis during Noriega's final years in power, said that Spadafora was aware of "the drugs that entered the United States without controls aboard airplanes chartered by the CIA," and that was the cause of his death at the hands of Panamanian soldiers who followed their commander, a CIA spy.

The Noriega regime received the support of the United States, which was unconcerned about a crime as heinous as Spadafora's, Diaz Herrera stated.

A former comrade in arms of Spadafora agreed with Diaz Herrera. Data collected by this newspaper indicate the Nicaraguan counterrevolutionaries were supported by the money they obtained from the sale of drugs that were taken to the United States." [no opening quotation mark as published]

Carlos Augusto Herrera downplayed Diaz Herrera's statements and described him as a mythomaniac. Eight years ago, Diaz Herrera called the Spadafora family to say "he was going to reveal the truth," but so far "they are still waiting for disclosures," the prosecutor added. "You know he built his home with the sale of Cuban visas. What can we expect from his statements," the official noted.

Exiled PDF Members Reportedly Returning Through Costa Rica

PA1107223393 Panama City LA PRENSA in Spanish 11 Jul 93 p 1A

[Report by Orlando Mendieta C.]

[Text] Major Dario Arrue, National Police deputy director general, disclosed that there is evidence military officers Mario Ocana and Olmedo Riggs were planning to carry out "something" in Chiriqui. At the same time, Maj. Arrue stated that intelligence reports indicate several military officers exiled throughout Central and South America are returning to Panama through the border with Costa Rica.

The major said that as a result of this situation, the National Security Council decided to heighten surveillance in the border area between Panama and Costa Rica, particularly in Chiriqui Province, to prevent the possible entry of military officers wanted by the justice system.

According to Arrue, following National Security Council instructions, a series of undercover operations have been launched to prevent and to control any actions that may threaten the state's internal security.

The state security operations were adopted after the capture in Chiriqui of former [National Police] Lieutenant Mario Ramos Ocana, and former Sargent Orlando Riggs. Both men have been fugitives since the 4 and 5 December 1990 coup attempt lead by retired Colonel Eduardo Herrera.

The major explained that there is evidence that Ocana and Riggs were possibly planning to carry out "something," because they were both apprehended in the same region, and because they both participated in the 4 and 5 December coup attempt.

When asked if the two military officers were part of a larger subversive group that planned to carry out attacks against the state security, Arrue indicated that it has been known for some time now that certain individuals in Chiriqui, specifically in the community of Renacimiento, had been meeting to organize guerrilla groups.

He added that either way, it has been speculated that former Panama Defense Forces [FDP] members opposed to the current administration were returning to Panama. According to Arrue, the recent arrest of Ocana and Riggs is evidence that they are returning to Panama.

Regarding the entry of other military members exiled abroad, Arrue stated there are reports indicating that at least three or four are either in or have pretended to enter the country.

According to the National Police deputy director general, the return of former FDP members through Chiriqui was proven with the return of Ocana and Riggs, who were exiled in Guatemala and Venezuela respectively.

He added that the decision to return through this area is based on the fact that Chiriqui is the easiest route to enter the country, specifically because there are many places along the border with insufficient surveillance.

Regarding speculation if Ocana and Riggs could be planning the escape of the 10 former FDP members involved in the Hugo Spadafora murder trial, Arrue said that this would be difficult to prove as both men represent a group that does not sympathize with the accused murderers, but with Col. Eduardo Herrera.

It is worthwhile mentioning that the arrest of Ocana and Riggs takes place two and a half years after they were granted political asylum in Guatemala and Venezuela respectively.

A National Security Council source stated that former Lt. Lucas Gonzalez, who also participated in the 4 and 5 December 1990 coup and who was exiled in Venezuela, is believed to have also returned to the country.

Government Minister Denies Existence of Guerrilla Centers

PA1007224393 Panama City EL PANAMA AMERICA in Spanish 10 Jul 93 p 16b

[Text] There are no guerrilla centers in Panama, Government and Justice Minister Juan Bautista Chevalier stated flatly on 9 July. His remarks were prompted by a newspaper report on the outbreak of a rebellion in an unspecified area.

Chevalier reiterated "there is no guerrilla movement in the country." He added that out of the country there are a number of officers who are "maladjusted, wandering about with a yearn to do something."

The official admitted the National Police are playing an important role in the community. "The police are better than people think, and proof of this is, Chevalier stated, that it is arresting some maladjusted people who want to do crazy things and come to Panama." [quotation marks as published]

Chevalier made those statements as he was getting ready to fly to Cartagena, Colombia, to head a Panamanian delegation that has been meeting since Thursday, 8 July, with Colombian officials within the framework of the Second Meeting of the Neighbors Commissions.

On this matter, he said Panama and Colombia are coordinating actions to join efforts that may lead to controlling and eradicating criminal activities along the border area.

The official, who chairs the subcommittee on immigration affairs and judicial cooperation, said there is agreement on the matter of the handling of undocumented persons, visas, permits, and procedures, as work on this has advanced greatly.

Fuel issues will be examined at the Colombian-Panamanian meeting, scheduled to last four days, so Minister Chevalier said Colombia wants Panama to study the possibility of having that neighboring country help it with funds to install a coal-operated electricity plant somewhere along the Atlantic coast.

Referring to this issue, Chevalier said the idea resulted from the fact Colombia has large coal deposits and wants to sell its surplus, something that would interest the Institute of Hydraulic Resources and Electrification.

Moreover, the government minister told the media Colombia has offered oil to Panama. He also said the Cartagena meeting is quite ample and the different subcommittees that participate in the event include representatives of private groups like the Union of Panamanian Industrialists, the Chamber of Commerce and Industries, and the Colon Free Zone.

Shortly before boarding the plane Chevalier said one of the subcommittees—the natural resources and transportation subcommittee—will review the surveys carried out by the United States for the completion of 108 km of highway in the area known as the Darien Gap, located in Panama's Darien Province on the Colombian border.

Endara Discusses Canal Treaties, 1994 Presidential Elections

PA1107171993 Panama City LA PRENSA in Spanish 11 Jul 93 p 3A

[Report by Orlando Mendieta C.]

[Text] President Guillermo Endara asserted that his government will comply with the Canal Treaties. At the same time, he indicated that his main aspiration is to guarantee the 1994 elections will be "the cleanest" in the country's history as a republic.

According to Endara, the Panama Canal Treaties signed in 1977 "constitute a judicial and political obligation that the government must honor above positions that may arise from the current situation [posiciones coyunturales]."

He added that Panama is responsibly preparing to take over full management and administration of the canal in 2000. In this respect, "far reaching bills have been approved, such as the Interoceanic Region Authority (ARI), and at this moment a project related to the agency is being evaluated."

The chief executive pointed out that relations between Panama and the United States "are progressing normally, based on the principle of mutual respect, nonintervention, and free determination."

Endara's replies were in response to a proposal presented at the U.S. House of Representatives requesting that President Bill Clinton renegotiate a new treaty with the Panamanian president that will ensure the continuing presence of U.S. troops in Panama after 2000.

Endara referred to the 1994 elections by stating that his greatest wish is to guarantee the most pristine and clean elections in Panamanian history and then to pass the presidential sash on 1 September 1994 to whomever is elected by the people.

According to Endara, this is "my greatest challenge after having lived through a dictatorship for more than 20 years" because a representative democracy will have to be strengthened as the foundation for wide ranging economic and social development.

Endara said that "full freedom of expression, thought, political pluralism, and a multiparty system exist in Panama. There is also a stable political climate in full preelection effervescence," the president pointed out.

Endara said growth has been continuous and sustained for the past three years. He explained that the economy grew by 4.6 percent in 1990, while in 1991 and 1992 it was 9.3 percent and 8 percent, respectively.

According to the president, it is important to highlight that as result of this growth Panama has been able to reenter the international financial system; is once again open to credit; and has honored its external debt obligations, which this administration did not contract but strictly honors.

Endara said that Panama currently enjoys a free economy, open to private national and foreign investment within legal parameters. "We are living in a Panama that is progressing without any setbacks or insurmountable obstacles," the president said.

With respect to the Third Ibero-American Summit, scheduled to take place in Salvador, Brazil, Endara said Panama will present a proposal inspired by the spirit of Ibero-American multilateral cooperation that emerged during the summits in Mexico and Spain.

Endara spoke highly of the Spanish king's attendance at the past two summits since, in his opinion, his presence "signifies Spain's concern for Latin America's historical development, as King Juan Carlos did on the occasion of the 500th anniversary of the discovery of America."

Endara Discusses Creation of Agency To Manage Canal

PA1307120193 Panama City Circuito RPC Television in Spanish 2300 GMT 12 Jul 93

[Text] On 12 July, the cabinet met with the presidential Commission for Canal Affairs to study the possible introduction of a new chapter in the Constitution.

[Begin recording] [Endara] Just as we created a new organization for the reverted areas, we are creating, in the Constitution, a body to manage the Canal. The Canal is a very complicated enterprise, requiring sophisticated technology and engineering. The Canal must be run by an agency that will manage it efficiently, just as it has been managed in recent years, but, in fact, better.

Panamanians can show the world that we are not only able to continue running the Canal, but that we will improve it. [end recording]

The president also said that he will not interfere in the suit filed by the Comptroller concerning the constitutional reforms

[Begin recording] [Endara] I stated from the beginning that these reforms could be unconstitutional and now it is up to the Supreme Court to issue a ruling.

[Unidentified reporter] Will you ask ministers who want to run for office to resign?

[Endara] No, yes and no. At a recent cabinet meeting, I told the ministers—the law on electoral reforms had already been approved—that the deadline is 8 November, but it just so happens that 7 December [month as heard] is a Sunday, the 6th is a Saturday, the 5th is Colon's Day, the 4th is Flag Day, the 3d is Independence Day, the 2d is Memorial Day, and the 1st is All Saints' Day. Consequently, if we want to do something that is well-organized, we have to reorganize the cabinet in the second half of October. [end recording]

Finally, Endara referred to security during the Spadafora trial, noting that it was the attorney general who asked the Institutional Protection Service for assistance. The president added, however, this has not been a reason for conflict in his government.

Tripartite Canal Commission Delegate on Japanese Interest

PA1207134993 Panama City Radio KW Continente in Spanish 1200 GMT 12 Jul 93

[Text] Denying Legislative Assembly reports that Japan has lost interest in improving the Panama Canal, Panamanian delegate Guillermo Elias Quijano said Japan is still interested in the Canal to such an extent that its delegate at the tripartite commission studying alternatives to the interoceanic waterway is a Japanese Foreign Ministry member.

UK Ruling Basis for Claiming Noriega Assets Abroad

PA1207232493 Panama City Telemetro Television Network in Spanish 1730 GMT 12 Jul 93

[Text] A London court ruled on 6 May [date as heard] that Manuel Antonio Noriega should return funds that belonged to the Panamanian State. The ruling was the result of a suit filed by the Republic of Panama against

Noriega. The Presidency has issued a bulletin stating that since the funds have not been located in the UK, Panama will use the British ruling as a basis for claiming funds or assets that have deposited in the former dictator's name in other countries.

Editorial Cites UK Ruling

PA1107182693 Panama City CRITICA LIBRE in Spanish 11 Jul 93 p 4

[Editorial: "London Court Rules Against Noriega"]

[Text] Tyrant Noriega, his wife, and a small group of lackeys transferred large sums of money stolen by the arrogant military man from the Panamanian Treasury during the period he contemptuously, undemocratically, and criminally ruled Panama, a British legal investigation has determined.

The money he took was dispersed throughout the world by means of an intricate use of societies and banks that is hindering efforts to locate and freeze those funds. The Panamanian Government, encouraged by documents found during investigations carried out to back a commercial claim filed in Miami, some time ago decided to initiate similar proceedings in the UK and filed a complaint against the former dictator, his wife, four companies, and Ali Akbar, a Bank of Credit and Commerce International banker.

The proceedings went through processes and delays characteristic of court work and concluded with a ruling according to which the tyrant resorted to power to misappropriate public and military funds and must deliver $44 million to Panama.

In London a British court imposed a $33 million precautionary measure that will reap approximately $20 million in the form of cash and real estate that will be sold. The money secured from this transaction will be added to the account for the payment Panama must receive.

The British ruling against Noriega represents a victory for the perseverance of the current Panamanian Government, which against all odds and contradicting defeatist predictions clearly upheld its objective of securing justice by filing the four suits that are being processed abroad—two in the United States and two in the UK—against Noriega and his followers.

The legal proceedings in London are opening the door for claims in France. The U.S. proceedings are prospering.

Panama was cheated out of hundreds of millions of balboas as a result of unchecked and criminal actions by people who governed the country without any control or restraint and who procured for themselves mansions in faraway places, private zoos with exotic birds and animals, luxurious beach residences, luxury apartments, buildings, vehicles, bank accounts, and safety deposit boxes loaded with jewelry. To summarize it was a pompous and squandering kingdom sustained by the Panamanian people for the benefit of people who now call for forgetting, compassion, and pardon and try to blame others for what they did.

The October Process [the Panamanian military regime that began in October 1968] institutionalized corruption. It would be very difficult to remember any clean, healthy, and honest government decision. Deception and bureaucratic subterfuge led the treasury to bankruptcy and the treasury has been unable to cover state commitments that the current government wants to fulfill.

Trials on charges of corruption, embezzlement, and abuse of power, and civil suits currently at legal offices must end in just sentences. All the holdings, real estate, and property of those who hogged assets of the people must be auctioned off to ameliorate the sapped treasury.

The British court has imparted justice. It is necessary that we Panamanians follow suit. It is important to note that nonpunishment of a crime is a crime. The country will return to normal once those who abused, tortured, and mocked the people and to enrich themselves illegally serve sentences and return what they stole.

Justice will then have been served.

Comptroller General Files Suit Against Electoral Reforms

PA1207234293 Panama City Telemetro Television Network in Spanish 1730 GMT 12 Jul 93

[Report by Juan de Dios Hernandez]

[Text] Comptroller General Ruben Dario Carles has said that there must be compliance with the law and that the recently approved Electoral Code reform contains serious violations of the national Constitution. The Legislative Assembly recently approved amendments to the Electoral Code in preparation for the 1994 elections. Those amendments give the Electoral Tribunal autonomy that would allow it to bypass transactions with the Comptroller General's Office. That situation has generated a conflict between the comptroller general and the Electoral Tribunal members. On 12 July the comptroller general, as head of Panamanian finance, filed a writ of unconstitutionality at the Supreme Court of Justice through Guillermo Deleon, Carles' legal representative. The suit is directed against the articles that grant full autonomy to the Electoral Tribunal.

[Begin Carles recording] For very special motives, a group of people have plotted to undermine the law and were able to approve regulations that put the Electoral Tribunal above the Constitution, the Supreme Court of Justice, the executive branch, and the Comptroller General's Office. Some people believe the old, stupid axiom still applies; namely, that he who counts the vote chooses the winner. [end recording]

Comptroller Carles said Electoral Tribunal magistrates are very eager to spend money, and that is why the

Supreme Court of Justice must defend the Constitution. He said that after a lengthy study, ten violations of the Constitution have been identified and listed in the writ, which consists of 52 folios.

[Begin recording] [Unidentified reporter] Do you not trust the Electoral Tribunal?

[Carles] It is not a matter of trust. It is a matter of the law, of whether the tribunal magistrates can be above other state agencies. They have been writing checks left and right, but I am going to find out what was done with those checks, because the Comptroller's Office still has some input in these matters. [end recording]

[Reporter] What about the $400,000 that was saved in the referendum?

[Carles] They did not save anything. I kept them from spending that money. Now it turns out that some funds have remained. If I had allowed it, that money would have been spent. They were very eager to spend that money. It was saved because I—and the comptroller's auditor is here to prove it—prevented their excesses. [end recording]

Foreign Ministry Avoids Commenting on William Walker

PA1207171493 Panama City LA PRENSA in Spanish 12 Jul 93 p A5

[Article by Manuel Alvarez Cedeno]

[Text] Foreign Minister Julio Linares has avoided commenting on charges by the Jesuits against U.S. diplomat William Walker. The Jesuits have said William Walker was involved in the murder of six Jesuit priests.

Javier School director Father Eduardo, El Negro, Valdes, [names as published] signed a communique in which the Jesuits oppose the appointment of Walker in Panama because in 1989 the U.S. Embassy in El Salvador (where Walker was ambassador) was an accomplice in the murder of six Jesuit priests and two maids." [quotation marks as published]

Asked about the Jesuit position, Linares told LA PRENSA: "First of all, I read the statements by Father Valdes about his experiences in El Salvador; however, I do not wish to pass judgment based on their veracity, even though they may be true."

The appointment of William Walker, who will reportedly replace Deane Hinton, has yet to be approved by the U.S. Congress.

The Panamanian foreign minister said that "unfortunately, in accordance with policy, we have, in principle, given our approval for his appointment; however, I do not wish to comment on the subject because my statements could be misinterpreted."

According to the Jesuits, "under the current circumstances, Walker is not the best person to fill the post of ambassador."

When asked if the Panamanian Government would change its position regarding Walker's appointment, Linares said: "Diplomatically speaking, it would not be correct to change our answer; these are the kinds of situations we face frequently and the people do not understand."

The Jesuit communique explains that the U.S. Embassy in El Salvador "hid evidence, hindered the investigation, and pressured the judges to stop the investigation."

Foreign Ministry Replies to Human Rights Group Chairman

PA1007201893 Panama City EL PANAMA AMERICA in Spanish 10 Jul 93 p 2a

[Text] The Foreign Ministry issued a communique commenting on some of the remarks by Roberto Troncoso, chairman of the Panamanian Human Rights Committee, on the speech Foreign Minister Julio Linares recently delivered in Vienna. The text of the document reads as follows:

It is not true, as stated, that Foreign Minister Julio Linares said in the speech he delivered at the World Conference on Human Rights that 21 years of military dictatorship were worse than the U.S. invasion of Panama. The remark was made to an ACAN-EFE reporter hours later, in response to a question.

Although free determination was not on the agenda, it was one of the most debated topics of the conference, chiefly in the Editing Committee. Therefore, when Chairman Troncoso censured the foreign minister for not referring to it, he showed he did not know what was happening at the conference.

The Panamanian delegation was the only one to note in the Editing Committee that the principle of the peoples' right to self-determination is not only violated by actions from abroad, but also by the actions of citizens who, placing themselves above the will of the people, in fact ignore the principle of free or self-determination of the people, as occurs in the many dictatorships that exist or have existed.

Therefore, when the final documents of the convention established in paragraph one that the principle of equality of rights and free determination of the people entails "a government that represents all the people of a territory, without any kind of distinction," that statement can be regarded as a diplomatic triumph for Panama.

As established in paragraph one of the final documents of the conference: "The World Conference on Human

Rights feels the refusal to grant the right of self-determination constitutes a human rights violation and stresses the importance of the effective implementation of that right."

When Chairman Troncoso felt that a speech on the free determination of the people is out of step with the times, he is ignoring that such a principle is not in force in two states of the continent—to limit ourselves just to this area—and that so far in this decade it has come under attack in at least five states of the region.

'Darien Gap' Agreement Signed With Colombia

PA1107163693 Panama City CRITICA LIBRE in Spanish 11 Jul 93 p 7

[Report by Wagner Polo]

[Text] The Pan-American Highway between Colombia and Panama is no longer a dream following its economic and technical definition by the two governments during negotiations, Colombian Foreign Minister Nohemi Sanin and Panamanian Public Works Minister Jorge Bendeck have announced.

The government representatives who met in Cartagena agreed in stating that this important route will boost commercial and industrial activities in the Choco and Uraba Gulf regions, which have been traditionally neglected.

The Pan-American Highway is the main highway that will open the door to and physically link the agreements signed on 11 July by Colombia and Panama to bring closer together the two nations, which share close cultural ties. Colombian Foreign Minister Nohemi Sanin noted this and stated that in addition to the technical structures and work demanded by the project, emphasis has been placed on the defense and preservation of the region's ecosystem.

The foreign minister and public works ministers reiterated that the Darien Gap must be made viable, which means there will be all sorts of socioeconomic benefits.

Nohemi Sanin said that if "the Berlin Wall could come down, it will be much easier to carry out the unification process with Panama and to give the green light to the "Pan-American Highway or the so- called Darien Gap."

Regarding the preservation of the region's ecosystem, Panamanian Foreign Minister Julio Linares' words on opening the first commission meeting in Panama City were cited.

It is necessary to "study the adoption of measures to halt the deforestation of the Darien Jungle and to eliminate the swift, destructive process of environmental contamination that endangers not only our ecology but the quality of life of the Indian people."

The foreign minister and public works minister stressed the importance of considering the border area residents. They noted that an in-depth socioeconomic study must be made of the border area between the two countries.

Argentina

Chilean Defense Minister Says Relations 'Better Than Ever'

PY1207143593 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1833 GMT 10 Jul 93

[Text] Buenos Aires—Chilean Defense Minister Patricio Rojas Saavedra stated today that relations between Argentina and Chile are "better than ever," stressing that "a climate of lasting peace is a basic requirement for embarking on any path of cooperation and complementation."

Rojas recalled that the relations between the two countries had gone through some rough patches, such as the events that took place at the end of the 1970's, which culminated in the "landmark Treaty of Peace and Friendship." Rojas asserted that "(Carlos) Menem and (Patricio) Aylwin have achieved agreements that not long ago would have been unimaginable."

Rojas gave a news conference at noon today during which he took stock of his three day visit to Argentina, accompanied by an Armed Forces delegation which included a group of cadets who participated in the 9 July parade in the city of San Miguel de Tucuman.

The military delegation was comprised of Admiral Jorge Busch, the Navy commander in chief; Vice Admiral Jorge Arancibia, national defense chief of staff; General Fernando Rojas, the Air Force chief of staff; and Major General Ricardo Izurieta, military institutes commander.

The Chilean delegation met with President Menem, Defense Minister Oscar Camilion, Foreign Minister Guido Di Tella, and the Armed Forces chiefs of staff.

The Chilean delegation also held a meeting with members of the congressional defense committee yesterday, to discuss the relative positions of the two countries' military strength.

To this effect the Christian Democratic Party leader made it clear that "it is not a matter of making quantitative comparisons, but rather comparisons that are proportional to each country's budget." Rojas added that "we intend to maintain our operative efficiency in order to implement a defense policy based on deterrence."

In the course of the news conference Rojas shared his government's faith that "a definite settlement" would be achieved in the demarcation dispute still pending in the southern extreme of the Andes, the natural border between the two countries. Even though he considered relations between both countries to be "exceptionally good," he conceded that there is room for improvement in the sphere of military cooperation.

Alluding to the well-publicized case of a missing Chilean citizen in Uruguay who might have been involved in an alleged project to develop bacteriological weapons in his country, the Chilean defense minister underscored that "Chile does not manufacture, purchase, or use either chemical or bacteriological weapons against anybody."

Rojas enumerated some of the issues on which both countries' governments agree, such as the control of nuclear weapons and long-range missiles and the observance of the Tlatelolco Treaty, besides the concern for drug trafficking and money laundering in the region.

Upon being asked to comment on the now jettisoned Condor-2 missile project, Rojas answered that "I would rather not discuss Argentina's internal affairs." He simply mentioned his country's aspiration to "check the development of long-range missiles," which he had previously mentioned.

With regard to drug trafficking, Rojas once again asserted that the Chilean Armed Forces will not engage in direct drug enforcement operations, but will collect information. The Chilean minister did not rule out "coordinated action" between the Argentine and Chilean military in this field.

As for the participation of military members in preventing any eventual disruptions in the Latin American democratic system, Rojas recalled that "although we have had little luck with the Inter-American Reciprocal Assistance Treaty (TIAR), the OAS Santiago Declaration has proved to be quite efficient," and mentioned its results in Guatemala and Haiti.

Asked about the internal Chilean situation, and especially about the possibility of trying military members accused of human rights abuses during the military regime, and the authoritarian hindrances that still exist within the military apparatus, the minister evaded the subject and, using diplomatic formulas, urged the journalists to concentrate on bilateral subjects.

The most concrete phrase said by the defense minister of the Aylwin administration was: "The Armed Forces and Carabineros adjust their actions to the democratic institutions, and although there have been some problems in these adjustments, they have been overcome because of the need to maintain the democratic system."

Departs After 'Fruitful' Visit

PY1207181493 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2044 GMT 11 Jul 93

[Text] Buenos Aires, 11 Jul (NA)—Chilean Defense Minister Patricio Rojas Saavedra pointed out today that his visit to our country "was much more fruitful than expected." He also expressed his recognition "of the affection and cordiality shown by the government, the Armed Forces, and the people in general."

Minister Rojas made these comments at Jorge Newbery Airport, where he was seen off by Argentine Defense Minister Oscar Camillion before returning to his country after a four-day official visit to Argentina.

Rojas Saavedra, who was invited especially by the Argentine Government, was accompanied with a Chilean military delegation, and on 9 July attended the independence anniversary celebrations in San Miguel de Tucuman.

Camillion agreed with his Chilean counterpart in saying that Rojas' visit "confirms the period of excellent relations between the two countries." He added that the meeting was "an expression of friendship."

In addition to Minister Camillion, the other officials who went to the airport to say farewell to Minister Rojas were Military Affairs Secretary Vicente Massot, Planning Secretary Guillermo Etchechoury, Joint Staff Chief General Mario Candido Diaz, Naval Chief Admiral Jose Ferrer, and other military and civilian officials.

Bolivia

Foreign Ministry Explains Economic Accord With U.S.

PY1207145293 La Paz HOY in Spanish 6 Jul 93 p 6

[Text] The Foreign Ministry released yesterday a communique on the bilateral agreement signed by Bolivia and the United States. The communique says:

"Regarding some interpretations and opinions published by the local press about the Agreement for Economic Recovery that was renewed between our country and the United States on 25 June 1993, the following should be pointed out:

"1. The annual renewal of this agreement since 1987 is basically aimed at receiving the nonreimbursable economic aid granted by USAID to Bolivia for programs in support of the balance of payment and economic recovery in accordance with U.S. internal regulations. This is considered an executive agreement that the U.S. executive power can sign within its jurisdiction (without congressional approval). According to the international regulations recognized by Bolivia, such an agreement would be a simplified juridical document, of lower qualification than a formal treaty as described in the modern doctrines of international law.

"2. The clauses established by the Agreement for Economic Recovery on programs that do not involve economic issues (international and internal) should be interpreted as principles describing the juridical regulation (international and internal) on issues such as extradition, the struggle against illegal trafficking in narcotics and terrorism.

"3. Regarding extradition, the agreement points out concretely that the 1900 bilateral treaty, the 1961 Single Convention, and the 1988 Vienna Convention are currently in force. The agreement should by no means be interpreted as the definition of a new bilateral agreement on this matter.

"4. The Foreign Ministry believes that the fulfillment of such bilateral and multilateral international instruments for extradition as are described in the Agreement for Economic Recovery should be considered the reciprocal will by the two countries to process the cases of extradition for drug trafficking, which have already been requested, or which are to be requested in the future. According to our penal regulations the Supreme Court has exclusive jurisdiction in matters of extradition. The Foreign Ministry can therefore only submit to that high court the requests for extradition submitted through diplomatic channels by the United States, with which Bolivia has treaties in this area.

"5. Regarding an eventual new treaty of extradition between our country and the United States, the Foreign Ministry reiterates its opinion, expressed several times, that the diplomatic contacts and negotiations held by our government with Washington since 1990 have not led to perfecting a new instrument on this delicate issue, in which the two states should cooperate with each other on juridical matters. The new government to be inaugurated on 6 August 1993 will therefore have to decide on the best actions to be followed for an extradition agreement between Bolivia and the United States."

MNR Rejects Drug Trafficking Charges Against UCS Ally

PY1207164893 La Paz LA RAZON in Spanish 3 Jul 93 pp A8-9

[Text] Hermann Antelo, MNR [Nationalist Revolutionary Movement] spokesman, has said that 48 hours after having signed a "governability pact" the MNR is sure that its political and government ally Max Fernandez, chief of the UCS [Solidarity Civic Union], has no links with drug trafficking, and has not been prohibited from entering the United States.

Fernandez was accused by Carlos Palenque, chief of the Conscience of the Fatherland Movement [Condepa], of having ties with people linked with drug trafficking, a suspicion that dates from the tenure of former U.S. Ambassador to Bolivia Robert Gelbard.

The MNR and the media have never been able to confirm any formal charge against Max Fernandez, Antelo said.

"There has never been a formal accusation, and Max will have to see what he will do about the alleged denial of a U.S. visa. The U.S. Government knows whether to give him one or not; but the MNR does not connect this with drug-trafficking problems," Antelo reported.

The official MNR spokesman said that just as has the media, the MNR has asked for evidence of the accusations, but this has never been produced. The MNR knows of some documents that Max Fernandez has, issued by the Bolivian Government, that deny that he has any connection with drug trafficking.

Antelo said that these "speculations and doubts" will have to be clarified at some point; but this must be done by Max Fernandez, as the MNR has not made any agreement with him on this subject, and the "governability pact" was signed with UCS to govern the country with stability.

Antelo also told the media that the U.S. Embassy "has not vetoed" the UCS chief, and the subject, Antelo says, will be clarified by Max Fernandez himself: "Max will have to clarify it himself. It is a personal problem.

"I do not think doubts should remain unclarified; they should either proven either true or false. It cannot remain up in the air for so long. There is no official cause; we have made queries at the U.S. Embassy and the Interior Ministry, and have been told in both places that Max Fernandez has no connection with drug trafficking," he said.

The MNR thinks that the "governability pact" does not project a bad image abroad because, Antelo stated, the most important thing is stability and seriousness. The drug-trafficking charges are not official, and that is why the international community is not interested—only in the credibility of a good administration.

He also said that the MNR-UCS agreement is not meant to solve a tax problem, and that this is why the National Bolivian Brewery will receive the same treatment as any other company in Bolivia, paying taxes in compliance with the law.

Condepa Chief Carlos Palenque had labeled the "governability pact" an agreement to cover up corruption—something which is rejected by Hermann Antelo, who considered Palenque's statements a result of his resentment over the presence of the UCS.

According to the official spokesman there is no other agreement—secret or not—because the MNR has made no concessions to the detriment of the people's mandate, and because it wants the pact to be open. "We do not know where the corruption mechanisms denounced by Condepa can be found. We do not think the accusation is serious," he said.

Drug Enforcement Policy Envisages Massive Rural Investment

PY1207194793 La Paz LA RAZON in Spanish 4 Jul 93 p A2

[Text] MNR [National Revolutionary Movement] Deputy Chief Guillermo Bedregal Gutierrez reports that the new approach in the drug enforcement policy of the Gonzalo Sanchez de Lozada administration will be based on massive investment in the rural field, and especially in the regions affected by internal migration.

The party that will assume power on 6 August believes that the policy of giving greatest priority to antidrug repression has not yielded the expected results, and so a different order of priorities will be sought.

Bedregal, who was foreign minister during the administration of Victor Paz Estenssoro, anticipated the new administration's wish to establish a dialogue with the international community, especially with the United States, to discuss concrete subjects such as the annual eradication of 5,000 hectares of coca crops.

In its new drug enforcement policy the MNR will also demand the correct application of the Vienna Convention, and will continue the dialogue aimed at signing a new extradition treaty to replace the current one, which dates from 1900.

This means that the negotiations begun during the Paz Estenssoro administration, which continued during Paz Zamora's tenure, will be resumed by the MNR.

One of the new administration's priorities will be to "eliminate the drug enforcement subject as a key issue" in U.S.-Bolivian relations, in order to prevent the drug subject from jeopardizing the rest of the relations between the two countries.

"The times and the international atmosphere have changed, and there are new administrations in the two countries, each one with new initiatives," Bedregal said, recalling the changes in governments due to the elections.

One of the initiatives is to analyze whether the annual eradication of 5,000 hectares of coca crops is politically the most suitable way in which to combat drug trafficking.

Guillermo Bedregal, who has been elected deputy for La Paz Department, said that the government must combine the reduction of coca fields with a program designed within the framework of the Plan for All [Plan de Todos] which envisages increasing investments in the rural field by six times. The government expects to discourage coca production in this manner.

Bedregal said that this investment has direct relation with rural development which, without eliminating coca eradication, prioritizes a new drug enforcement mechanism based on the development and well-being of the Bolivian people.

Brazil

Government Approves Extradition Treaty With Italy

PY1307012493 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 12 Jul 93

[Text] The Brazilian Government today approved an extradition treaty with Italy. Now the two countries will have to extradite criminals being chased by the authorities of either of the two countries to make them appear before the courts or serve their sentences.

The extradition treaty excludes death-penalty cases or those that go against fundamental human rights. Brazil also approved the treaty on penal cooperation with Italy,

which contemplates the exchange of judicial data and information on criminal records.

Police Call Strike For Ibero-American Summit Opening

PY0907164293 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 9 Jul 93

[Excerpt] Federal Police [PF] personnel in Rio de Janeiro yesterday decided to call an indefinite strike effective 15 July. They will meet again on 13 July to confirm the strike and organize the strike leadership

PF personnel in Salvador also have decided to go on strike on 15 July, the opening date of the Ibero-American summit.

In Maceio, PF personnel decided to go on strike, but they will meet again on 12 July to decide when the strike will go into effect. They stated, however, that the hunt for Paulo Cesar Farias and security measures for Mayor Ronaldo Lessa will not be affected.

In Sao Paulo, PF policemen have decided to hold a work slowdown beginning 13 July. This is a different approach to that of their colleagues in other states. The operation will affect all PF services and could cause problems in airports. [passage omitted]

New Federal Police Chief Outlines Goals

PY1207221293 Sao Paulo FOLHA DE SAO PAULO in Portuguese 10 Jul 93 Section 1 p 4

[Press conference granted by newly appointed Federal Police Director Wilson Romao with unidentified FOLHA DE SAO PAULO correspondents following his installation at the Justice Ministry, in Brasilia, on 9 July]

[Text] [FOLHA] What is your first order for the Federal Police?

[Romao] Total discipline and a lot of work.

[FOLHA] What are your expectations concerning the arrest of PC Farias?

[Romao] That is the problem of the police delegate entrusted with that mission. I am not going to even bother with that problem. I am here to administrate. Our police experts are excellent, they are trained.

[FOLHA] The Association of Federal Police Delegates has said that it will issue a note repudiating your designation. How do you view that?

[Romao] I will not bother with it. I do not know anything about that association. If they want to repudiate me, that is their problem.

[FOLHA] Do you have orders to dismiss people should there be a policemen's strike?

[Romao] It depends on the type of strike.

[FOLHA] Will you punish the policemen?

[Romao] Punish them; why? If it is their right, they can strike at will. If the strike is illegal, I will use the law.

[FOLHA] And what about security for the Ibero-American summit, and what about events in Rio de Janeiro?

[Romao] If the Federal Police refuse to act, we have other organizations.

[FOLHA] Will you call for help from the Army?

[Romao] Of course.

[FOLHA] Will you resort to he judicial branch?

[Romao] Of course I will resort to the court if I find it necessary.

[FOLHA] Do you consider yourself an intervenor?

[Romao] I am not an intervenor.

Federal Policemen Reject Col. Romao's Appointment

PY1007025493 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 9 Jul 93

[Excerpt] Members of the Federal Police have rebelled against the appointment of Wilson Romao, a retired Army colonel. Police delegates are submitting their resignations, and in many states the policemen are threatening to strike.

[Begin recording] [Reporter Luiz Carlos Braga from Brasilia] The National Association of Federal Police Delegates today received about 300 notifications from police chiefs submitting their resignations, including 13 police superintendents, such as those from Rio de Janeiro, Sao Paulo, and Bahia. The delegates, who spent the day in meetings, do not find acceptable the appointment of Wilson Romao as general director of the Federal Police. The federal delegates, who until yesterday did not support the strike movement by administrative employees and policemen, changed their position today.

[Vicente Chelloti, president of the Association of Federal Police Delegates] The problem is not the colonel. Anyone who is not a member of the Federal Police cadre has no place in the police.

[Braga] The National Federation of Federal Policemen is also against Romao, because according to the Constitution the civilian police must be directed by a career delegate. Expressions of rejection of Romao's installation have been received from all states. Signs were brandished at the demonstration held in front of the Brasilia Federal Police Superintendency. The federal policemen also received support from delegate Geraldo Chavez, who for a few days held the position of Federal Police general director and who handed over the position to Wilson Romao today.

[Chavez] I said before the justice minister and Colonel Romao, in the Justice Ministry, that there are great possibilities that Romao would not be obeyed. I believe that the only way to conciliate and pacify the policemen would be to choose a figure of consensus within the Federal Police.

[Braga] Tonight the employees and policemen of the Brasilia Federal Police unanimously approved striking for an indefinite time period in support of the decision made by 19 states. On 12 July the National Federation of Federal Policemen will define what the minimum services will be, as well as efforts to find the whereabouts of businessman Paulo Cesar Farias. The strike starts on 15 July. [end recording] [passage omitted]

Possible Economic Shock Program Outlined

PY1007120093 Sao Paulo VEJA in Portuguese 7 Jul 93 pp 76-78

[Text] In the past few months, with the economy under the command of Minister Fernando Henrique Cardoso, economists and politicians outside the government have gossiped about a shock, which could be the second stage of the plan for fighting inflation designed by the minister. This speculation has come true. Cardoso and his team are studying a second anti-inflationary move that will be unorthodox. Some team members are for it, others against it, but all of them are talking about the issue. They are slowly building up the idea of enforcing some type of dollarization of the economy, coupled with price and salary preindexation. The shock might be the final blow against inflation and it might be enforced—according to the current status of the debates within the team—in January 1994. Until that time, following a timetable designed by the finance minister, the team will insist on the plan's orthodox measure. The team wants to save as much public money as possible.

If it were a pizza, Fernando Henrique Cardoso's recipe would be half Italian cheese pizza and half California-style pizza, the latter being the one with tropical fruit and salted bread. The Italian cheese half, which is the conventional type, accounts for Cardoso's announced $6 billion cut, a $2 billion reduction in state-run enterprises' spending, a fiscal reform package to be designed in August, and an all-out war against tax evasion. But Cardoso expects to give the final blow to inflation with the California half, which is initially due to leave the oven in only six months, in January 1994. "There will be neither surprises nor scares; it is a process," the minister told journalists.

If his timetable suffers no accidents—such surprises usually come long before expected—as of January, Brazil might experience the same sensation experienced by countries like Mexico and Argentina. This will happen because the economic team is studying the possibility of adopting some type of dollarization, inspired by Argentina and by Mexico's preindexation. The minister is convinced that dollarization will restore credibility in the cruzeiro, which now is so weak that 1 million and 5 million-cruzeiro notes were released last week. The minister believes the dollar is an informal index of the economy and making it a formal index would be just fine.

The economic team has not yet designed the details of a possible dollarization or preindexation. Dollarization is a generic term for a remedy that can operate at very different levels. According to former Minister Mario Henrique Simonsen, dollarization can be intense, like the one enforced by Minister Domingo Cavallo in Argentina. In this case, the government sets the dollar price and guarantees convertibility between the local and foreign currencies. Anyone can exchange a local currency note for a dollar note. In another intermediate case, the government only sets the price at which it buys and sells dollars. According to Simonsen, in the milder version the dollar price sets an index below inflation for short periods. He believes that milder versions can be considered, and that the most intense one is inappropriate for Brazil. In whatever version, dollarization can succeed only if the government has tightly adjusted its accounts.

Minister Cardoso believes that dollarization alone is not a safe inflation-control mechanism. Cardoso may enforce it along with the preindexation of prices and salaries, measures he believes will make inflation drop to reasonable levels. Says one of Cardoso's closest friends: "He wants to mix tango and tequila to see whether he can obtain samba and white rum."

Hyperinflation Risk

In an article published in May in POLITICAL ECONOMY MAGAZINE [Revista de Economia Politica] edited by former Economy Minister Bresser Pereira, Economic Policy Under Secretary Gustavo Franco criticized the dollarization of the economy as a single measure. Among other things, he says, it may lead to hyperinflation. In the section "Turning the Cavallo Plan Brazilian," Franco clearly states: "The problem of an exchange rate anchor can be solved through a price control mechanism without resorting to a procedure that would affect the two currencies." Preindexation controls prices and salaries. In the same article, Franco states that dollarization will be successful only if the national budget is calculated in a stable currency rather than in cruzeiros. Last week the Finance Ministry announced that next year's budget will be calculated in Ufir [Reference Fiscal Unit], which is adjusted daily for inflation.

The conversations about dollarization and preindexation have been taking place in the Finance Ministry for some time now. The measure's biggest supporter is the finance minister himself. During a meeting with people he trusts, Minister Cardoso discussed the consequences of implementing a dollarization and preindexation of the economy. During the conversation Minister Cardoso was told that immediate implementation of the measure would have disastrous effects. That is the position of Central Bank President Paulo Cesar Ximenes: "Let us suppose that the so-called exchange rate anchor is implemented. It will not work for long because the public

deficit is not under control. The cruzeiro will be pegged to the dollar, but the national accounts still will be unbalanced. That is, there will be several leaks, increasing the amount of currency in the economy, and inflation will climb again."

Minister Cardoso listened to a similar argument last May when he visited Argentine Economy Minister Domingo Cavallo in Buenos Aires. Cardoso has long admired the Argentine economy minister. He used to praise him as a senator and continued praising him as foreign minister. From the three-hour-long conversation he held with Cavallo in May, Cardoso recalls some advice: "Do not think of dollarization now. It is necessary to combat tax evasion and the public deficit, as well as to sponsor fiscal reform. Then you can see what you can do," Cavallo told him.

Shot at the Public Companies

However, for the time being, no decision has been made in the ministry about adopting these measures. There is a lot of talk about them and a desire to arrive in 1994 with a falling inflation rate. For this reason, the economic team intends to intensify its fight against public expenses during the second half of the year. At least the minister obtained one victory in this battle—in the public's eyes. According to a poll by IBOPE [Brazilian Public Opinion and Statistics Institute] two weeks ago, 55 percent of the 2,000 people polled believe that balancing the fiscal accounts will help reduce inflation.

After announcing the $6 billion cut in expenses from the budget and after presiding over a National Monetary Council meeting that decided to stop excessive expenditures by state banks, the minister already has chosen a new enemy: the public companies. The goal is to stop the large companies' abuses to reduce their costs and investment volumes. The idea is to cut $2 billion in investments alone. The Finance Ministry also intends to release a complete report on state companies' excessive expenses, including salaries and perquisites, to obtain public support against this kind of abuse. In the struggle against the state companies the economic team hopes to inflict another blow against inflation. Since inflation includes the increase in public utility rates, whose calculation is based on a public company's costs added to its investments, the minister's reasoning makes sense.

The heterodox economic shock may not come. It is always possible, although very remote, that the adjustment of the fiscal accounts may begin to defeat inflation little by little. That would be very good. The country would have a balanced administration and a stable economy without touching the private sector. This possibility is increasingly losing ground because Minister Cardoso's team does not believe inflation will drop. According to Finance Ministry calculations, the rate of price increases will remain at about 30 percent per month until the end of the year.

Chile

President Aylwin Meets Paraguayan President-Elect

PY1307005893 Santiago Radio Cooperativa Network in Spanish 2300 GMT 12 Jul 93

[Text] President Patricio Aylwin Azocar will attend Juan Carlos Wasmosy's inauguration as president of Paraguay on 15 August. This information was conveyed to Wasmosy by Aylwin himself over lunch at Government House today.

Commenting on the meeting, Aylwin then said they discussed issues pertaining to Chile's experience with the Armed Forces and political parties.

For his part, Wasmosy stated that Paraguay is in Chile's debt, but the Paraguayan private sector has not taken advantage of the opportunities the Chilean Government and people have given it. He added that Chileans who have emigrated to Paraguay have achieved great success and have thriving businesses, especially in the leather industry.

Portuguese President Briefly Notes 'Positive Steps' at G-7

PY1207215393 Santiago Radio Cooperativa Network in Spanish 1700 GMT 12 Jul 93

[Text] President Patricio Aylwin held a one-hour meeting with Portuguese President Mario Soares.

At the end of the meeting, Soares, who always has maintained an excellent relationship with the media, commented:

[Begin Soares recording in Spanish] We held an excellent long chat during which we discussed problems affecting our two countries, Europe, and the world in general. What we did discuss at length was the situation of our two countries. The foreign trade minister, who is with me now, also referred to problems affecting trade between Portugal and Chile and the credit lines that were open and remained unused precisely due to the lack of a greater trade between the two countries. [end recording]

Soares was asked about the protectionist measures implemented by the richest and most developed countries that affect countries such as Chile and Portugal, despite the much-talked-about free trade, Soares answered:

[Begin recording] This is a very complex problem. [words indistinct] and discussed. It seems that some positive steps toward the improvement of free trade have been taken at the summit of the most developed countries. [end recording]

Soares refused to comment on press reports that the UDI [Independent Democratic Union] might leave Congress if he refused to explain alleged comments he made about General Augusto Pinochet.

Tonight Soares will be feted by President Aylwin with a dinner party. The Armed Forces' commanders in chief, among them Gen. Pinochet, have been invited to this event as usual.

Soares was received with honors by members of the Bernardo O'Higgins Military School at La Moneda Palace.

Finance Minister Says G-7 Trade Progress 'Insufficient'

PY1207222993 Santiago Radio Cooperativa Network in Spanish 2300 GMT 8 Jul 93

[Excerpt] Finance Minister Alejandro Foxley labelled insufficient the progress that the most industrialized nations achieved in the international trade agreements at the G-7 meeting being held in Tokyo, Japan. The minister mentioned the issue a few minutes before attending an annual meeting of the Association of Exporters of Nontraditional Manufactured Products, Asexma, currently under way in Santiago's [name indistinct].

The minister, whose left foot was in a cast and who was walking with the help of a cane, also referred to the currency exchange problems pointed out by exporters. [passage omitted]

Justice Minister on Laundering, Escobar

PY1207184093 Santiago Radio Cooperativa Network in Spanish 1100 GMT 12 Jul 93

[Interview with Justice Minister Francisco Cumplido by unidentified reporter—live]

[Text] [Reporter] Let us talk about drug trafficking and Chile's participation because our country is included in the international networks of this type of crime that is so popular currently, an issue that has come to the forefront due to the presence in Chile of relatives of Pablo Escobar Gaviria, one of the top drug traffickers in the world. Minister, you have admitted that money is believed to be laundered in Chile. The international media has also referred to this possibility. What do you believe encourages the laundering of ill-gotten money.

[Cumplido] Well, there are several conditions that allow the laundering of money. One is the current economic system with openings for exports and capital investments. This, of course, makes it easier to invest money obtained from trafficking, seeking to launder it, that is, to make it legal. Every country is now adopting measures to—on one hand—ensure that their foreign investments are not jeopardized because of a suspicion of laundering while—on the other hand—effectively preventing laundering from happening. During international meetings between justice ministers and court representatives, the problem of money laundering, punishment for drug traffickers, and international cooperation with adequate legal tools, were discussed.

About two years ago we submitted to Congress a draft bill to specify the crime of money laundering in Chile and to include in Chilean law legal tools to effectively handle trafficking.

[Reporter] Is Congress taking too long with this draft bill?

[Cumplido] Well, it is quite a complex law because it modifies important constitutional guarantees. Legislators are thus taking great care to define the crime and the way in which these tools will be granted to police, judicial, and administrative authorities in general. This is why this draft bill was carefully assessed by the Chamber of Deputies Drug Enforcement Commission then by the Constitution, Law, and Justice Commission, and now by the Senate where, we have been informed, the Constitution, Law, and Justice Commission will handle it expeditiously so that it may be approved as soon as possible.

[Reporter] What does as soon as possible mean?

[Cumplido] I would say within 60 days.

[Reporter] You speak about the new law and how it will not discourage foreign investments. What guarantees does it include?

[Cumplido] To adopt measures against this type of crime one must first carry out a secret investigation. The information obtained from this investigation is usually passed to the office of the attorney general or the police. Since we do not have a district attorney in Chile, this investigation is conducted by the State Defense Council which, as you know, is a collegiated organ, comprising outstanding Chilean jurists. To start an investigation, approval by two thirds of the acting members of the State Defense Council is necessary. This gives foreign investors a guarantee that this system will not be used, for example, to promote disloyal competition. Moreover, the investigation is secret. All information is secret and only when the investigation is complete does the State Defense Council decide whether or not to file a suit before the pertaining court.

[Reporter] Minister, do you believe members of the Escobar clan have come to Chile to establish a sort of beachhead to launder money?

[Cumplido] The court is investigating an appeal by the interested person [Pablo Escobar's nephew Nicolas Escobar Urquijo]. The Interior Ministry, exercising its authority, has canceled this family's permit to remain in Chile family. We must stick to the information gathered by the Investigative Police. The Interior Ministry has placed this information in the hands of the court so that it may rule on the subject. We are being extremely cautious and careful about letting relatives or members of important drug cartels into the country and, in general, most countries strictly control the entry of these people.

[Reporter] The international media are very interested in the presence in Chile of Osito [Nicolas' nickname] Escobar and his family, and his activities in Colombia. Do you think Attorney Isidro Solis will further investigate this?

[Cumplido] Isidro Solis has gone to obtain information and to contact Colombian authorities, seeking to gather vital information for our responsible investigations. He made comments in Colombia which we learned about through the media. The publicity surrounding people linked to trafficking and the publicity devoted to this subject is important but we must be cautious because these groups have economic ways and ways to achieve their goals that one must be able to counter. In order to counter their actions one needs to be cautious and discreet.

[Reporter] You once said that two years ago drug trafficking involved $500 billion, practically the equivalent of the Latin American foreign debt.

[Cumplido] This, precisely, reveals the power of these organizations. Consequently, the community must become organized and apply all the legal tools available within a democratic regime to counteract the actions of such powerful groups.

[Reporter] Is there any chance that they will use other Chilean laws, like that which allows the brother-in-law of Nicolas Escobar, Juan Fernando Cadavid Delgado, to obtain a RUT [Single Contributors Identity Card] in Chile by merely presenting his tourist visa? What can he do with the RUT?

[Cumplido] Foreigners in transit, who come to sign agreements in Chile, need a RUT for this purpose. They can use this document for good or evil. Services and institutions must be made aware, from the organizations in charge of repressing drug trafficking, the identity of people who obtain a RUT.

[Reporter] What do you know about charges the Foreign Ministry might file against the U.S. Drug Enforcement Agency because one of its agents tried to intercept Nicolas Escobar's phone in Santiago without the necessary court authorization?

[Cumplido] The truth is that I know nothing about this. I am not really aware of this having happened.

[Reporter] This information is also in today's newspapers. Does an action like this violate Chilean law?

[Cumplido] I hope what you are saying is not true because an action of this nature violates Chilean law.

[Reporter] If it is established that this did really happen could it stir up controversy of any type?

[Cumplido] Well, I believe every country is subject to various actions, especially related to intelligence. Consequently each country must have its own counterintelligence service to control any illegal actions which, in some case, may have legal objectives but be pursued through inappropriate means. Counterintelligence is, thus, necessary to control the possible abuse or misuse of people in Chile, like those we have been talking about.

[Reporter] When intelligence is used properly everything is fine but when it is used badly, or when information that should not be made public is leaked, then things get complicated. For example, it was stated at one point that the Investigative Police knew of the presence in Chile of Escobar's relatives but did not inform the government. It was later stated that this was not true, that Carabineros OS-7 special group had this information. What do you know about this?

[Cumplido] I think rumors are always harmful. Inaccurate information usually jeopardizes actions against traffickers, terrorists, or criminals in general. One of the best recommendations is that those who comment should base their comments on true facts. The same goes for the media. They must check their sources and confirm that their comments are true because they can jeopardize effective actions against those groups.

[Reporter] Minister Cumplido thank you very much for this interview granted to EL DIARIO.

[Cumplido] Thank you and I hope you feel better soon.

[Reporter] I hope we all feel better. Thank you.

[Cumplido] Good-bye.

Formal Protest Over 'Illegal' DEA Activities Considered

PY1207165093 Madrid EFE in Spanish 1746 GMT 11 Jul 93

[Text] Santiago, 10 Jul (EFE)—The newspaper LA NACION reported today that the Chilean Government is studying the possibility of submitting a formal protest to the United States over alleged illegal activities by the U.S. Drug Enforcement Agency (DEA) on Chilean territory.

According to LA NACION, government officials have been upset over DEA activities in Chile since 2 June, due to the presence in the country of Nicolas Escobar Urquijo, nephew of Colombian drug trafficker Pablo Escobar, chief of the "Medellin cartel."

The newspaper added that the Chilean Foreign Ministry already has in hand the formal government complaint against the U.S. organization, which is accused of illegal activities and of abusing its rights.

Last Saturday, [10 July], Interior Ministry Under Secretary Belisario Velasco admitted that both the DEA and the "OS-7," the Carabineros uniformed police antidrug department, have known since the very first day of the presence in Chile of Escobar Urquijo and six other members of his family, without informing the government.

The Executive Branch learned by mere chance about the presence of Escobar's relatives in the country when DEA agents asked a telephone company to tap the telephone lines of the Colombians, who had rented an apartment in eastern Santiago.

The company informed the Interior Ministry about this strange request, which had not been endorsed by a judicial order. Through this report the Interior Ministry learned about Escobar's presence—only 22 days later.

Velasco termed "serious" the performance of the Carabineros, and added that a request has been submitted to the general board to issue a report on the reasons for concealing such information from the authorities.

According to LA NACION, the government's annoyance also extends to the civilian investigations police, which did not detect Escobar's entry through the international airport.

Meanwhile, Nicolas Escobar held a meeting this past Saturday with Mario Guzman Banos, a former member of the "Medellin Cartel" who has lived in Chile for five years and has allegedly been cooperating with the DEA.

Guzman Banos, arrested two days ago, told Chilean police that Pablo Escobar's nephew was managing a vehicle dealer company in Colombia which was a front for the drug trafficking cartel.

Nicolas Escobar and his relatives claim they have nothing to do with drug trafficking, and submitted a request for protection to the courts to avoid the expulsion order issued by the government, which has decided to expell them from the country.

Colombia

Army Issues New Instructions To Deal With Guerrillas

PA1207221993 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 12 Jul 93

[Report by Marcela Duran]

[Text] The Army is willing to change its tactics to face the guerrillas. An Army commanders' summit is currently under way in Santa Fe de Bogota to study possible changes in Army strategy against the guerrillas. Army Commander General Jose Hernan Guzman will issue the following instructions:

1. Increase armed clashes to exert pressure on the guerrillas to reveal their faces. In addition, we insist on the use of booby trap mines; a strategy that has yielded good results.

2. Mobile brigades must exert more pressure in the jungle areas where the guerrillas have been forced to go to avoid clashes.

3. Special forces will have to halt the wave of kidnappings; the main source of funds for subversive groups.

4. Increase campaigns to motivate guerrillas to desert and to continue paying informants. During the first six months, 47 guerrillas surrendered to the Army's 1st Division.

5. Render protection to regional political leaders, especially to the mayors, who have in some cases been forced to hand over municipal funds to the guerrillas.

With these new strategies the Army seeks to obtain better results from this war, which in spite of everything has yielded good results in the first half of the year.

Military Plane Makes Emergency Landing

PA1307014093 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 13 Jul 93

[Report by Miriam Ortiz—recorded]

[Text] A FAC Cessna with registration number HK5030 had taken off from Eldorado Airport on a flight to Apiay Base in Villavicencio with eight people aboard when it had to make an emergency landing. Among the passengers was General Norberto Adrada Cordoba, chief of the special counterinsurgency command that joins the two mobile brigades fighting in the Uribe and the Perija mountains. About 12 minutes into the flight there were mechanical problems with one of the aircraft's engines. The pilot asked Santa Fe de Bogota radar to help him find a clearing for an emergency landing, but when he found he could not make it to the Guaimaral airstrip, he tried to land in a pasture near (Sopoa) Municipality north of Santa Fe de Bogota.

General Jorge Enrique Mora Rangel, commander of the 1st Mobile Brigade, Colonel Gustavo Plazas, Major Horacio Lema Galiano, and Sergeant Omar Cortez Buitrago were also aboard the plane. The crew was identified as Captains Jose Ortiz and Jairo Alberto Guevara and technician Jaime Mun Evar. Six of the passengers were unharmed while Maj. Leman Galiano and copilot Jairo Alberto Guevara were slightly injured. They are being treated at the Santa Fe de Bogota Military Hospital.

The generals were on a special mission in the eastern plains to assign troops of the 1st Mobile Brigade to the 16th Brigade, whose responsibility is to protect the Cusiana oil wells in Casanare.

* Industry, Government Experts Differ on Economy

* Businesses Polled

93SM0322A Santa Fe de Bogota EL ESPECTADOR in Spanish 4 Jun 93 p 5B

[Article submitted by the [illegible]eration for Development, FEDESARROLLO: "Indu[illegible]y Slows Down"]

[Text] *However, the phenomenon is not universal, being most marked in those industries that produce textiles, ready-to-wear garments, leather goods, industrial chemicals, and plastics.*

The rate of industrial production is slowing down, according to the FEDESARROLLO Business Opinion Survey conducted in April.

Production activity yielded a neutral balance, with 23 percent of the 400 businessmen polled saying they had worked "more intensely," 24 percent indicating that activity was "weaker," and the remaining 53 percent reporting that work had continued at the March rate. However, one must take into account the fact that Easter vacation came in April, which may have affected the rate of production for the month.

Some 52 percent of those polled said that orders in their sector had remained at the same level as the preceding month, while 22 percent said they were up and 26 percent reported a drop. Although the increase/decrease ratio is negative (-4 percent), results for the variable were comparable to those for the first half of the previous year. On a sectorial basis, an increase in orders was recorded by producers of lumber and items manufactured from wood, printing and publishing houses, pharmaceutical chemicals, soapworks and cosmetics, cement, vehicles, and transport equipment.

Concerning unsold stock, the percentage of businessmen recording increases starting in April (17) exceeded that of those who said they had reduced their inventory (15). For 68 percent, stock of finished products on hand was normal for this time of the year. Heading the list of sectors showing a significant increase in the stock of unsold finished products are textiles, ready-to-wear, leather and leather goods, paper and cardboard, printing and publishing houses, industrial chemicals, and nonelectric machinery.

One must realize that many sectors of the manufacturing industry had had a heavy flow of orders for months. The growing demand for consumer goods encouraged production, but it is possible that the greater availability of national products and the increase in imports are saturating the market.

A synthesis of poll indicators on a sectorial basis shows that results are not generally negative, but rather, are quite specific and mainly come in areas that produce textiles, ready-to-wear, leather goods, industrial chemicals, and plastic products.

Exports

The poll's series of special questions referred to exports in April. Poll indicators reflect a decline compared with January of this year. Nevertheless, it is significant to note the ever greater appreciation of exporters for domestic transport, international transport, and port services.

Regarding volumes exported during the January-April period and projected sales for the next quarter, the balance indicates that neither case will surpass results for the last quarter of 1992.

Despite the fact that international trade barriers have fallen and particularly the ease with which one can export to the Andean Group, those surveyed are very pessimistic about their export future. In addition to this fact, foreign demand for their products is down. In January 1991, some 47 percent reported increases in volumes ordered, a figure that has now dropped to 33 percent. At the same time, those recording declines went from 17 to 32 percent.

This change in demand was partly due to the fact that producers of export goods are losing market shares to competitors on foreign markets, as reported by 42 percent of those polled. In addition, the economic situation of comprador countries has not improved sufficiently to stimulate demand, 68 percent of all businessmen say.

Another adverse factor has been trends in the profitability of exports. Revaluation of the peso this past year was a key element causing 37 percent of the businesses to say that the sector's profitability is declining. Only 11 percent say it improved over the past quarter.

In the midst of these negative evaluations, a number of factors stand out as favorable for exporters. Such is the case of the Vallejo System Plan and credit to exporters.

Trade

The decline in poll indicators was felt in this sector also. According to the merchants surveyed, sales for the month were down compared with March of last year and April of the preceding year as well.

It is for this reason that 26 percent of those polled say they have more stock on hand, while 66 percent say their stock is at a normal level.

The level of orders to suppliers mainly dropped for those doing business in processed foods, equipment, electrical items, and textiles. Among those recording an increase are sales of vehicles, spare parts, and accessories.

It should be noted that the merchants surveyed claim that the problem of smuggling involves mainly textiles and hardware.

* FEDESARROLLO Director Comments

93SM0322B Santa Fe de Bogota EL ESPECTADOR in Spanish 13 Jun 93 p B1

[Commentary by Eduarto Lora, director of the Federation for Economic Development, FEDESARROLLO]

[Text] The situation in industry appears to be rather confusing. Most indicators reflect a fine effort and provide no basis for pessimistic projections. However, complaints from various major sectors are ever more frequent, as in the case of textiles and exporters. Some analysts have also noted that industry is finally feeling the effects of greater imported competition.

Voices of caution seem reasonable when one considers the behavior of industrial imports, which rose 34.3 percent in 1992. In this group, those that compete the most directly with national production increased 48.7 percent. INCOMEX [Foreign Trade Institute] figures indicate that the flow of imports remained heavy in 1993, although no precise figures are yet available.

Nor has the export effort been the best. It is true that despite the difficulties of 1992, foreign sales of industrial products rose 6.6 percent, but this increase represents scarcely $110 million, a tiny fraction of the additional imports ($1.25 billion).

In short, these figures would seem to indicate that in 1992, Colombian industry lost markets to its foreign competitors totaling $1.14 billion. In order to realize what this sum represents, it is important to bear in mind that the domestic market for manufactured goods totals some $20 billion. The loss of market shares to be attributed to higher net imports would be about 5.7 percent. Something similar may be happening in 1993.

That is not the whole story, however, because domestic demand for industrial products is growing very appreciably. According to FEDESARROLLO studies, since the opening began, there has been a redistribution of income from the country to the city and a relative cheapening of industrial goods compared with services. These changes have greatly stimulated the demand for industrial goods. In addition, low interest rates and an abundance of credit have greatly promoted purchases of durable goods. The demand for industrial goods therefore seems to be increasing at a rate of 8.6 to 9 percent. If from this figure one subtracts the loss of market shares already mentioned, growth in the sector is not far from the 3.5 percent reported by DANE [National Administrative Department of Statistics] up to February.

This explanation of the facts must be followed by a look to the future. There are no signs that domestic demand on the whole is declining. Money in circulation, which is a good indicator of demand, is increasing at a rate 10 points above inflation and the financial system's list of assets is 20 points above. The public treasury is expected to grow by nearly 8 percent in real terms. The industrial sector has been adjusting nominal wages by over 30 percent on the average.

Given these figures, it is difficult to believe that we are on the brink of a recession. However, the factors which have heretofore countered the loss of market shares due to imports will have less and less effect. This means that industrial growth will possibly begin to feel an effect. However, inasmuch as there is a slump induced by the flood of imports, it will not affect all sectors equally. Problems seem to be concentrated mainly in textiles, leather, paper and publishing houses, and certain types of processed foods. We must remain alert.

* FEDEMETAL: Readjustment Needed

93SM0322C Santa Fe de Bogota EL ESPECTADOR in Spanish 13 Jun 93 p B1

[Commentary by Luis Gustavo Florez, president of the Colombian Federation of Metal Industries, FEDEMETAL: "The Opening: Adjustments Needed"]

[Text] According to economic analysts, 1992 was a good year for industrial manufacturing activity, a situation in sharp contrast with the poor effort observed in 1991.

For the iron and steel, metal-machine, and automotive industries, the situation was no different. The basic iron, steel and nonferrous metal, metal-machine industries, and plants manufacturing nonelectric and electric machinery and transport equipment and material all reported a negative trend this year.

In 1992, the greater stability of policies applied had the opposite effect. Inflation yielded and industrial production, excluding the coffee season, rose by 3.4 percent.

This promising behavior is explained by a series of factors that had a positive influence on industrial momentum. Increased public spending and lower interest rates generated greater liquidity in the economy, which resulted in an increase in the demand for consumer goods and the purchase of homes. The simultaneous reduction in tariffs had a favorable effect on prices for raw materials, consumable expenditures, and imported industrial goods, a situation that introduces an element of greater competitiveness into national production. Likewise, signs from the metallurgical, metal-machine, and automotive industries were positive.

Prospects for 1993

According to the survey of businesses conducted by FEDEMETAL, among its members for the first quarter of 1993, one observes a smaller surge in production variables, sales and used capacity compared with the preceding quarter. The trend remains positive, however. Exports, which had risen steadily over the past two years, are coming to a standstill.

Imports of industrial goods continue their vertiginous rise, elbowing out national production. Smuggling is also on the increase, encouraged by the extreme leniency of customs controls as well as the proliferation of unfair trading practices and dumping. At the same time, the increasing lag in the rate of exchange makes it cheaper to buy abroad and reduces the country's export potential, hurting its ability to compete.

Given these negative factors, the industrial sector did not anticipate that the opening, which continues apace, would be accompanied by an international scenario

characterized by an intensification of protectionist policies mainly instituted by developed countries and targeting industry and agriculture.

By way of example, one has the "button" constituted by government purchases of capital goods for local industries agreed upon by Mexico, the United States, and Canada based on NAFTA.

Against such a backdrop, the opening must be modified in terms of such areas of weakness and sensitivity that may grow even gloomier in the face of the flood of new tax burdens and result in aggressive sectorial policies aimed at complementing the current effort to modernize business and government before it is too late.

* ANDI: Economic Uncertainty

93SM0322D Santa Fe de Bogota EL ESPECTADOR in Spanish 13 Jun 93 p B1

[Article by Carlos Arturo Angel: "What Is Darkening the Picture?"]

[Text] Industrial activity in 1992 was strong. According to DANE [National Administrative Department of Statistics], production rose 5.6 percent with the coffee season and 3.4 percent without it. Capital goods and intermediate products showed even greater growth of 14.3 and 11.2 percent respectively, in contrast with a drop of .28 percent in consumer goods.

Prominent among the factors contributing to this favvorable trend are: the policy of monetary expansion, the revival of industrial investment, the drop in production costs and interest rates, the vigor of trade with Venezuela, and the costruction boom. Negative elements included: rationing, increased imports, the drop in exports, the drop in coffee revenue, and the lack of security.

Conditions so far in 1993 have been favorable to industrial activity, given the greater macroeconomic stability that began to emerge in the latter months of last year. However, the crisis in profits in the farm sector, the declining profitability of exports, and the uncontrollable rise in imports darken the business outlook and generate uncertainty.

Among the factors that might have a favorable influence on industrial activity this year are the following: the intention of the Bank of the Republic's Board of Directors to maintain a flexible monetary and credit policy, the favorable trend in construction, less anticipation of a revaluation, lower inflation, and the prospect of world economic trends at least comparable to those of the previous year.

However, the negative factors that remain compromise production activities. Without question, one of the worst has to do with security and law enforcement.

In addition, competition from imported products has been reflected in the early months of 1993 in a greater accumulation of inventory and a decline in industrial orders. The lack of any actual figures on imports and import quality controls and the presence of unfair practices have generated problems in key sectors of the national economy.

Developments in the coffee sector are also problematic. Low prices will keep demand down in coffee regions, making the situation of companies more difficult at a time when they are already reporting (in the case of those affiliated with ANDI [National Association of Industrialists]) a sharper drop in demand than any observed in the recent past. Social problems and difficulties with rust make the picture even gloomier in these regions.

* Development Minister Optimistic

93SM0322E Santa Fe de Bogota EL ESPECTADOR in Spanish 13 Jun 93 p B2

[Interview with Minister for Economic Development Luis Alberto Moreno by Hector Hernandez M.: "Industry in Trouble? No Way!"; date and place not given]

[Text] *Although studies warn that industry began to slow down in April, Minister of Development Luis Alberto Moreno guarantees he sees no signs of recession, only a number of imports (some of them "unfair") that are threatening such sectors as textiles. He admits that the rate of devaluation changed and does not think the opening is causing any crisis, although 1993 will be the real test.*

Surveys notwithstanding, Minister of Development Luis Alberto Moreno is convinced that industry is doing fine.

According to FEDESARROLLO and ANDI polls, production began to decline somewhat starting in April, but the minister maintains that he sees no signs of recession anywhere.

He does warn, however, that because of the flood of imports, 1993 will be the real test for the opening process.

Moreno admits that integration of the automotive sector with Venezuela and the countries of the Andean Group in general has reached "a stalemate."

He announced that the Issuing Institute board is looking at the possibility of extending tax incentives granted to manufacturers acquiring capital assets for their companies until December.

He maintains that the conversion is not static and that it is always necessary within any industrial process. He continues to mull over the idea of joining with the private sector.

Even though he is recognized as the main adviser to Andres Pastrana Arango and while the engines for the preliminary election campaign are warming up, Moreno categorically denies he will resign.

He granted the following interview to EL ESPECTADOR.

[Hernandez M.] Is there a recession or not?

[Moreno] I do not think there is. There are no signs of a recession anywhere. What I think we do have is a number of imports, many of them illegal, which are threatening certain industrial sectors. That is the case for textiles, where second-hand clothing and contraband technology are coming in. As you know, there were minimum import prices until September, but when they were eliminated, imports took off.

[Hernandez M.] Fine, but there can be no doubt about the revaluation.

[Moreno] Clearly, the peso has been rising in value, basically because of the flow of capital between 1990 and 1991. One could say that within this context, it is because the rate of devaluation that we had before was not the same. I think this is a discussion that is still going on within the government.

[Hernandez M.] Last year, the agricultural sector practically went broke, textiles manufacturers say they are in trouble, and those who deal in automotive parts are complaining. Do you not think the opening has begun to cause a crisis?

[Moreno] No, I do not, although 1993 is the test year for the opening. Colombian industry undeniably faces far more competition than it ever did before. What partly happened was that people were not accustomed to importing when that activity was difficult to promote. In contrast, it is much easier now. Furthermore, we have embarked upon a process of reforming customs in the right direction and this requires adjustments such as those made at the last Foreign Trade high council.

[Hernandez M.] Studies are about to be done on the competitiveness of six subsectors of the economy. Is this not a repeat of a repeat when one realizes that a few years ago the World Bank sponsored five other studies?

[Moreno] No, because what they want to look at is the basis for the competitiveness of each subsector, meaning where its strengths lie. The new studies are based on the earlier studies, not just repeats. The competitiveness that they want to analyze is not just within our national industry, but also vis-a-vis other countries such as Venezuela, Mexico, and Chile.

[Hernandez M.] Not long ago, textiles manufacturers complained of the flood of imports despite their having made enormous sacrifices to modernize. Is it not that Colombian industry should have moved through the so-called industrial conversion by leaps and bounds?

[Moreno] The conversion is needed and will always be needed. It cannot be viewed as something static. One cannot think that just because an industry converted once, it will never have to do so again. The industries that have been able to compete are those that have been exporting for some time. Just look at the graphics industry. It has been constantly improving because it is constantly competing with other countries.

[Hernandez M.] Since you mentioned the graphics industry, what will happen to that bill allowing the National Publishing House to compete with the private sector?

[Moreno] The debate is not about whether or not there should be a government-owned publishing house. What I believe we must do is establish a clear social purpose, i.e., the enterprise will exist for the purpose of putting out a series of official publications, but not go out and compete. I see no point in setting up a big printing house for the purpose of competing on the market with thousands of others in the country.

[Hernandez M.] Aside from the sectors mentioned, which others have asked for government help in order to adopt corrective foreign trade measures?

[Moreno] Other than these, none.

[Hernandez M.] What about leather?

[Moreno] Leather has its own problems. You might have something with shoes. The leather industry has not risen much in value abroad, but it remains competitive and continues to export.

[Hernandez M.] The political scene has already begun to heat up and your closeness to Andres Pastrana is a well-known fact. The manufacturers would like to know how long Luis Alberto Moreno will remain as minister of development.

[Moreno] I repeat that I have not thought about resigning.

[Hernandez M.] If you do not plan to retire, what do you have left to do this term?

[Moreno] I want to complete several things: the process of unity, customs reform, adjustments due to inflation, privatization of IFI [Industrial Development Institute] enterprises, the drafting and promotion of Commercial Code reform, and so on. This process of openness requires united action and the best way to point the way for government and the private sector is dialogue. Furthermore, we are all in the same boat!

[Hernandez M.] On one occasion, you said the opening had reached a point where one had to cease thinking in macroeconomic terms and turn to microeconomic management. That is why the government resumed talking about industrial conversion, about reviving the Opening Committee, and other aspects that seemed to have been forgotten. Did these proposals not come into contradiction with the proposals of the minister of the treasury and the planning director, creating problems within the economic team?

[Moreno] When I took office, I said that I would get them through sideways and that is truly what I have done. You cannot put limits on the thoughts of every official. Each one is concerned with the affairs of his own ministry, which is precisely what makes the dynamics of a government. Frankly, I do not believe that markets are created by themselves. I think the government always has a role to play, but this does not run counter to the freedom of the marketplace or a process of openness. The government must daily improve its ability to regulate.

[Hernandez M.] Do you think the economic authorities, including the Issuing Institute board, have backed you in everything?

[Moreno] The area where I have worked most closely with the Bank board is on housing and UPAC [constant purchasing power unit] and I am generally satisfied. We still have a number of issues to work out such as the question of whether we can extend until December the tax advantages granted under the PAF (the program used for the acquisition of capital assets, which at the present time runs only until June).

[Hernandez M.] Matters of integration are not directly under your control, but how do you view the relationship of businessmen with the Andean Customs Union? The president of FEDEMETAL recently said it was not actually operating.

[Moreno] I think the opinion of businessmen concerning Andean integration and, specifically, trade with Venezuela is very good. If history gives credit to this government for any one thing, it will be for everything it has done on integration and particularly with Venezuela. We all know that our country is going through a political crisis, but this in no way means that we have backed away from a process that has many partners, in Venezuela as well as Colombia.

[Hernandez M.] We have been working with Venezuela on the matter of Andean integration in the automotive sector. How far along are we?

[Moreno] We have come to a stalemate. We have clearly outlined the issues. Ecuador clearly agrees with Colombia.

[Hernandez M.] What is that stalemate?

[Moreno] In the final analysis, Venezuela's tariffs are lower than ours. It is not that Colombia cannot lower its duties in time. We must deal with points of agreement, but above all, we think that the item on which we must agree is the percentage of integration of auto parts from the two countries, which can be considered as from the subregion. On that point, Venezuela has a formula which is compensation in the form of foreign exchange. I hope we can reach an agreement.

Ecuador

Duran-Ballen Announces Government Team Reshuffle

PA1307004893 Mexico City NOTIMEX in Spanish 2345 GMT 12 Jul 93

[Text] Quito, 12 Jul (NOTIMEX)—Ecuadoran President Sixto Duran-Ballen on 12 July made official the reshuffling of his government team and the top leadership of the political and economic sectors.

Government Minister Roberto Dunn Barreiro and Mario Ribadeneira, finance and public credit minister, were removed and will be replaced by Marcelo Santos and Cesar Robalino respectively, official sources have reported.

Dunn and Ribadeneira were considered the "strongmen" of the Duran-Ballen cabinet, but they also headed sectors involved in constant conflicts over disagreements in the way political and economic matters were being handled.

Other changes in the Monetary Board and Central Bank will follow the departure of Ribadeneira, who was known as "the hardliner" of the government team.

Changes in the economic leadership will be announced in the next few hours, but it was revealed that Central Bank Manager Ana Lucia Armijos will be transferred to the Monetary Board and Augusto de la Torre to the Central Bank.

The shuffle also affected the Social Welfare Ministry and the Ministry of Industry, Commerce, Integration, and Fisheries, which have been vacant since the resignations of Ministers Mariana Argudo and Mauricio Pinto, respectively.

Deputy Monserrat Butina of the ruling Republican Unity Party [PUR] was appointed social welfare minister, and businessman Jorge Garcia was appointed minister of industry, commerce, integration, and fisheries.

Marcelo Santos, the new government minister, is a deputy of the Conservative Party, which nominated Duran-Ballen to the presidency along with PUR.

Duran Ballen, who will be 72 on 14 July, will begin the second year of his four-year term with a renewed cabinet on 10 August. On 2 July the Ecuadoran president had requested, through Vice President Alberto Dahik, the resignation of 14 ministers and other members of his extended cabinet.

The cabinet shuffle will allow President Duran-Ballen to travel to Salvador, Bahia, Brazil on 13 July to participate in the Third Ibero-American summit on 15-16 July.

Government Minister Presents Resignation

PA1307002293 Quito Voz de los Andes in Spanish 2300 GMT 12 Jul 93

[Text] Roberto Dunn Barreiro presented his resignation as government minister to President Sixto Duran-Ballen. After resigning, Dunn Barreiro said he was pleased with the achievements of the Government Ministry in the areas of public order, the development of new operations in the fight against drug trafficking, and effective coordination with the legislative branch. The legislative branch permitted his withdrawal from the Government Ministry without creating a power struggle with that branch and without legislative criticism of the ministry, which would hinder the work of state institutions. This is what Dunn Barreiro said:

[Begin Dunn Barreiro recording] As I said, I am pleased with the achievements of this Ministry during the year I have held this post. I am not going to list these achievements, but I can state that we have been able to maintain and control public order and we have conducted very successful police operations, such as Operation Whip. The fight against drug trafficking has continued to be carried out relentlessly by the Government Ministry and the National Police. We have been able to maintain very good relations with the transporters, with whom there have been some problems but they have been resolved and during all this year [words indistinct]. [end recording]

Paraguay

President-Elect Wasmosy Interviewed on Crime, Economy

PY1007174593 Sao Paulo VEJA in Portuguese 7 Jul 93 pp 7-10

[Interview with President-elect Juan Carlos Wasmosy by Jaime Klintowitz in Asuncion "last week"]

[Text] [Klintowitz] Your country, in Brazil, is famous for forgery and contraband. Is Paraguay really a land of piracy?

[Wasmosy] That is true. There is no denying it. But we are going to strive to change this. For example, the case of stolen cars. I have just come back from Argentina, where I met with President Carlos Menem. Argentina already has created a single vehicle registry for all provinces; Brazil also is trying to create a single national federal registry. In Paraguay, we still are subject to a law, which will be approved shortly, to unify our registries. The idea is to create a single registry for Brazil, Argentina, Paraguay, Uruguay, and Bolivia. This will be the first step to be able to trace each vehicle and prevent its illegal sale in neighboring countries.

[Klintowitz] What will be the next step?

[Wasmosy] The elimination of the vehicle theft problem is subject to a combined effort by our countries' police forces to fight delinquency in a preventive manner.

[Klintowitz] A Paraguayan Congress CPI [Special Investigative Committee] concluded that approximately 70 percent of all the cars in Paraguay are of dubious origin, most of them stolen from neighboring countries. Does Paraguay pretend to forget the past and allow the people whose cars were stolen to remain uncompensated?

[Wasmosy] We intend to publish a list of the cars that entered the country illegally and give the legitimate owner 12, 18 months to claim it before a court. After that period of time, we will charge taxes on that car and begin a new life. Of course this plan is open to discussion. If the Brazilians have another alternative to punish the delinquents and open the way to a clean future, I am ready to listen.

[Klintowitz] In order to begin a new chapter in the stolen car issue, isn't it necessary to also put an end to the traditional coexistence between the authorities and clandestine activities?

[Wasmosy] Crime flourished during the last period of a regime when the successor to the president of the Republic was not known. We are breathing new air in our country after the elections. Foreign investors are returning; the new Constitution has created an independent and transparent mechanism to elect Supreme Court justices. These elements are promoting change. The citizens sense that their rights are guaranteed and they are trusting their institutions. I intend to combat crime by creating jobs. Many thieves have turned to crime for economic reasons. If you give them honorable conditions to survive, most of them will prefer legal activities.

[Klintowitz] And how will you combat those who persist in a crime ranging from drug trafficking to smuggling electronic goods?

[Wasmosy] In that case we need joint action by all the countries. It will do no good to chase drug traffickers in Paraguay if the same is not done on the border with Bolivia or Mato Grosso do Sul. Democracy also will help in this case. For example, a free media serves to report what is wrong, increasing the control by the population. Overall, there is no single measure that can be used to solve all the problems that take place in border areas, but we need to take joint actions among all the countries.

[Klintowitz] Some economists calculate that the clandestine economy in Paraguay, ranging from black market activity to smuggling, moves $6 billion per year, which is as much as the legal economy. How can you turn the whole economy legal without bankrupting the country?

[Wasmosy] By gradually replacing the illegal economic activities with Paraguayan and foreign investments. If we encourage production by, for example, creating a cotton-processing plant in each city people would not engage in smuggling activities.

[Klintowitz] Is it some kind of program to substitute imports?

[Wasmosy] Smuggling has an economic reason. It depends on the difference in import duties between countries. That is why there is smuggling from Paraguay to Brazil and from Brazil to Paraguay. If we implement uniform import duties on goods, we will give a death blow to smuggling.

[Klintowitz] Does that mean Paraguay can do without the income produced by contraband?

[Wasmosy] Actually, that money does not remain in Paraguay, except for salaries. A Brazilian smuggler doing business in Paraguay deposits money directly from a Miami bank into another Miami bank or a Swiss bank. The compensation paid to the workers who carried the merchandise remains in Paraguay.

[Klintowitz] But isn't the injection of illegal money in sufficient amounts to cover the public deficit the factor that guarantees a desirable—by Brazilian standards—inflation of less than 20 percent annually?

[Wasmosy] No. This situation relies more heavily on the balance in the budget. In plain words, if you spend more than what you earn, there will be a money shortage. Our foreign debt is only $1.6 billion. Our health and education programs are supported by multilateral bodies, and also by the World Bank, the United Nations, and Japan. Consequently, it is possible to comply with budget provisions without fueling inflation.

[Klintowitz] And the drug-trafficking money?

[Wasmosy] Drugs are dangerous, and they must be fought by police. Drugs are coupled with vehicle robberies. Drugs are exchanged for stolen cars. It is a well-coordinated operation performed mainly on our border with Bolivia, which is lightly populated. We will ask the United States for resources to fight drug trafficking.

[Klintowitz] When you where integration minister in the Rodriguez administration, you set in motion the Pro-Paraguay program with the objective of attracting foreign investment. What can attract foreign capital to Paraguay?

[Wasmosy] Capital has no taste, color, or party. It goes wherever profits are higher. We offer fertile land and a Mediterranean location halfway to big centers like Sao Paulo, Rio de Janeiro, Santiago, Montevideo, and Buenos Aires. We have plenty of cheap energy from Itaipu, and soon we will have energy from Yacyreta. We have qualified, cheap manpower. We offer five years of free taxes with free profit remittances. Summing up, Paraguay is a good deal.

[Klintowitz] Despite all this, no money came. Why?

[Wasmosy] Because all that is worth nothing if it is not coupled with security. There was no security because we were in a transition, pre-electoral period. Imagine if another party, which was willing to modify the entire program, had won the elections. Or if an independent candidate had been elected without the support of a major party, how would he manage the country?

[Klintowitz] You hired former Chilean Economy Minister Hernan Buchi as your adviser. What part of the Chilean miracle do you think can be adopted to Paraguayan conditions?

[Wasmosy] I don't believe the same political philosophy can be used in all countries. What I intend to do is to get experience out of inexperience. We will try to avoid the mistakes that might have been made in Chile or in the Cavallo plan in Argentina.

[Klintowitz] What are the mistakes that you would like to avoid?

[Wasmosy] Mainly those having to do with the privatization process. It needs transparency for the people to understand it and accept it. It must be coupled with broad negotiations with unions in order to avoid unemployment. We do not have thousands of enterprises for privatization like Argentina and Brazil. We have only five, but they are valuable to Paraguay.

[Klintowitz] What enterprises have been put on sale?

[Wasmosy] LAP [Paraguayan Airlines], our airline, is an example. Another one is Apal [Paraguayan Alcohol Administration], which produces rum. There are also the state-run enterprises that control the Paraguayan merchant marine and the railways.

[Klintowitz] What is the most profitable part of the privatization process, which Brazilian investors should not miss?

[Wasmosy] Some of the enterprises can be profitable if they are well managed. This is the case of Acepar [Paraguayan Steel, Inc.], a steel factory that yields good profits to the state. Apal produces a rum that is as good as the best Scotch whisky.

[Klintowitz] You are not talking about that famous Paraguayan-made Johnnie Walker Scotch whiskey, are you?

[Wasmosy] No, it is actually rum. As for the jokes about contraband, there are many in Paraguay, like the one about the walking herd. Whenever cattle prices are high in Brazil, Paraguayan breeders tell their cattle: "Come on, start speaking Portuguese!"

[Klintowitz] How did Paraguay become a major world soybean exporter without producing so much? By selling soybean that was smuggled from Brazil?

[Wasmosy] That happened until two years ago, when Brazilian soybean was brought across the border and then rechanneled toward the port of Paranagua as Paraguayan soybean. As I said, there will always be contraband. It is an economic fact.

[Klintowitz] How do you expect to reform the political system inherited from the Stroessner dictatorship if you are anchored by the Colorado Party and the Armed Forces, without clashing with the ones that helped you get elected?

[Wasmosy] The institutions are not bad; men are the ones who hurt the institutions. In other words, the Colorado Party has a rich political philosophy, but some men deviated from those principles by taking advantage of a dictatorial government. I believe that of the three levels of society—military, political, and civilian—the military was the one that realized the changes better. Many times politicians seem to not have the necessary psychological ability to accept change. Regarding civilian society, it is still necessary to educate people for democracy.

[Klintowitz] How do you explain the conversion of the military men to democratic ideas? Were they tired of power?

[Wasmosy] World changes also had repercussions in our country. With a changing world economy, the end of the Cold War, there was no justification for the situation in Paraguay. The intelligent men realized what was happening. The civilian institutions became stronger while the military institutions became weaker. We know very well that the Army can make a counterrevolution and install the president it wants. The problem is that the government would not last 24 hours; it would fall by the repudiation of neighboring countries, of the entire hemisphere. We can no longer act unilaterally and independently.

[Klintowitz] Paraguay no longer wants to be known as an isolated place surrounded by land on all sides.

[Wasmosy] We are inserted in the global context; we no longer live in isolation. Geographic distances have disappeared; now only economic distances exist.

[Klintowitz] There is no need then for a specific strategy to keep military men away from politics.

[Wasmosy] Exactly. I want to be respected, and I will respect them in accordance with the military code. I will be the Armed Forces commander in chief.

[Klintowitz] Transforming the country into a democracy may be the easiest task of your government. Will the most difficult be to open an economy in which businessmen got rich with the government, not with the market?

[Wasmosy] The businessmen who got rich with the government can do little in a regime of free competition, of economic opening, as we expect to do. They lack competitiveness and creativity. They know nothing of productivity; therefore they cannot be competitive.

[Klintowitz] You, a big building contractor, know that in Brazil the image of contractors is bad. They are seen as the feeders of politicians' accounts, the ones who corrupt the public administration. Does that make you uncomfortable?

[Wasmosy] By no means, because I have a clean record. What my company earns I reinvest in the country. The social function of businessmen is to create jobs, not economic speculation. No one can enjoy the economic profit of his work if there is no social peace.

[Klintowitz] As a building contractor you have been involved in the construction of the Itaipu hydroelectric dam, and now you are involved in the Yacyreta hydroelectric dam Paraguay is building together with Argentina. How can you sell services to the state that you will now preside over?

[Wasmosy] As a matter of fact, it is quite impossible. I discontinued all private activities when I joined the administration as a minister 18 months ago.

[Klintowitz] The Itaipu agreements arouse nationalist feelings in the Paraguayan Congress, which has been reluctant to ratify the latest agreement on the sharing of the dam's administrative duties. Why is Paraguay dissatisfied with the Itaipu agreements?

[Wasmosy] Many congressmen are using the issue to draw attention to themselves. Others are simply ignorant and they want Paraguay to sell energy to third parties although the treaty clearly states that only Brazil can buy Paraguay's surplus Itaipu energy. These congressmen forget that the two countries are bound by a treaty that cannot be amended unilaterally. If we want to be regarded as a serious and respectable country, we must comply with the treaties that we sign.

[Klintowitz] The so-called records of the dictatorship on Paraguay's involvement in political repression in the Southern Cone were opened recently. How do you plan to handle this issue? Will Paraguay come clean about its past?

[Wasmosy] There is a clear-cut separation between the branches of state in Paraguay. It is up to the judiciary branch to deal with the charges, should there be any. We will not cover up any crimes, be they violations of human rights, smuggling, corruption, or drug trafficking.

President Rodriguez Demands Respect for Armed Forces

PY1207174493 Asuncion ABC COLOR in Spanish 11 Jul 93 p 21

[Text] President Andres Rodriguez yesterday voiced his annoyance over the fact that the public gives very little recognition to the Armed Forces, which, he said, have brought freedom and democracy to our country. He demanded greater respect for the military institution. He also admitted that it is very difficult to depoliticize the military. When asked about the Armed Forces project being carried out in Vinas Cue, he said he was not aware of the matter.

The president and top Armed Forces officers attended the closing of maneuvers. He first went to Arecutacua, on the banks of the Paraguay River, then to the Santa Rosa farm in the Salado River zone, and finally to the banks of the Piribebuy River. Vice President-elect Angel Roberto Seifart was also present.

For all practical purposes the president said farewell to the military cadres after, as he put it, more than 50 years of service. "This soldier will soon leave the Armed Forces, which I have served with loyalty, honesty, discipline, and respect," he said.

He regretted the fact that the Armed Forces, "as if they had done something very bad," had over the past four years had to put up with unjustified criticisms. "Everyone has been against us," he complained. He called to mind those who had died in the February 1989 coup, "the 36 soldiers and Major Alfaro, who are no longer remembered by anyone," he said.

He added that through that action Paraguay had recovered its international image, and is no longer confused with Uruguay, for example. He then asked that the Armed Forces always be solidly united, that there be no cracks or splits, and that understanding must always prevail within the armed institution." [no opening quotation marks as published] He finally urged all his comrades to be "zealous guardians of democratic life in our country."

Top Army Officers Support Military Institutionalization

PY1307010193 Asuncion ABC COLOR in Spanish 12 Jul 93 p 5

[Text] Top Army officers have said that the doctrine of the Armed Forces under the new 1992 Constitution must be based on the distinction between the concepts of "national security and national defense." They added that the institutional regime and the educational system of military units must be based exclusively on such considerations.

They pointed out that the mission of the Armed Forces is to defend the sovereignty of the state and its territorial integrity in the terms established by the Constitution and the law. They added that "the fulfillment of this mission is inseparable from democratic values and strict respect for the Constitution in all its aspects."

They emphasized that the Armed Forces must obey the political power determined by the sovereign will of the people, and any political or social change made by that will in accordance with the democratic procedures established in the Constitution.

They also recalled that, as a state institution, the Armed Forces cannot make political decisions, only the president of the Republic and the basic government organizations can decide on matters of the Armed Forces.

The democratically minded military men explained that the "national defense" entrusted to the Armed Forces foresees guaranteeing sovereignty and territorial integrity in the face of external military threats.

They pointed out that "security,"—even though this also entails national defense—is a broader concept based on unrestricted respect for individual and social rights. It comprises national defense and economic, political and social aspects that exceed the jurisdiction of the Armed Forces and which are the responsibility of other sectors of society and the state.

They reiterated that keeping internal peace, tranquility, order, and public security are outside the regular mission of the Armed Forces, which is responsible for national defense.

The democratic military men indicated that the Armed Forces will fulfill a role in internal security only as an exception and will only participate when the ordinary means and the terms established in the Constitution have run out.

The position of officers within the institutionality of the Armed Forces is interesting because the new role of the military is now being discussed.

Peru

Congress Approves Chapter on Citizens' Rights, Duties

PA1307041493 Lima Global de Television Network in Spanish 0100 GMT 13 Jul 93

[Text] On the afternoon of 12 July, the plenum of the Constituent Congress approved nine articles of Chapter 3 of the new Constitution with some modifications. This chapter concerns political rights and duties.

According to these articles, the Constitution can now be submitted to a total or partial referendum. The articles in question also included the decentralization process.

Meanwhile, Congress approved an article establishing that active members of the Armed Forces and police cannot vote or be elected to office.

Congress also approved articles on citizens' rights to participate in public matters through referendums, revocations, or removal of authorities. In addition, they can also request to have officials render accounts.

The new chapter recognizes political asylum and establishes that the vote is personal, equal, free, secret, and compulsory.

INEI Chief Expects Census Results on 26 Sep

PA1207154893 Lima Panamericana Television Network in Spanish 1200 GMT 12 Jul 93

[Excerpts] Over 10,000 census takers on 12 July will begin their work in all the rural areas of the Republic, Felix Murillo, chief of the National Statistics and Information Technology Institute [INEI], indicated, after noting the census process evolved normally in Lima and the rest of the country. He added the final results will be known in 60 days. [passage omitted]

[Begin recording] [Murillo] The balance is positive from different standpoints. In terms of statistics, it is positive because we have been able to gather almost complete statistical information on population and housing in all of the country's urban areas. We estimate we have information on approximately 97 percent of the urban population. In other words, we are expecting a 3-percent or 4-percent margin of omission.

[Unidentified reporter] When will the results be known?

[Murillo] The results will be out on 26 September, when we will announce officially the population of every region of the country.

[Reporter] There are some houses that the census takers have not visited.

[Murillo] In those cases, and we have not received any complaints about the absence of census takers, we are asking the heads of household in those hypothetical cases to go the census office of their districts or communities or the INEI and give their addresses so our employees can take the census.

[Reporter] Will the same guarantees be provided for tomorrow's census in the rural areas?

[Murillo] Surely. The rural census involves 20,000 census takers all over the country. Unlike the urban areas, each census taker will handle 100 not 16 houses. He will have 15 days to visit those houses.

[Reporter] Will general results be out in that 60 day period you mentioned?

[Murillo] We will issue the results of one variable, namely, gender, or population based on gender. Based on that, the data that will become available to us will be reproduced in a series of publications, either in the form of documents or computer support. We are taking the responsibility of providing separate information for each district and province of the country. We expect to prepare over 2,000 different documents with different information for each region of the country. [end recording]

Venezuela

Cuban Foreign Minister Meets President, Views Relations

PA1307031693 Caracas Venezolana de Television Network in Spanish 2350 GMT 12 Jul 93

[Report by Cecilia Pachano]

[Text] No new petroleum agreement between Cuba and Venezuela has been proposed, Cuban foreign minister reported after meeting with President Ramon Jose Velasquez.

The Cuban situation, its problems, and projects were the main topics of discussion between Cuban Foreign Minister Roberto Robaina and Venezuelan President Ramon J. Velasquez. The Cuban foreign minister reiterated his country's position regarding the blockade it has suffered under for the last four years. [time period as heard]

Additionally, Robaina insisted that the pressure by anti-Castrist groups continues, adding that so far the dignity of the Cuban people has maintained the political project of that nation.

Robaina said once more his country demands respects and now, more than ever, his people are willing to face future challenges, particularly the economic problem.

[Begin recording] [Robaina] We are not only aware of the difficulties we are facing, but we, perhaps as never before, have the support of people who are culturally, technically, and scientifically trained to face any problem regardless of its difficultly.

Concerning our ability to resist, I think we have repeatedly demonstrated to the world what Cuba is capable of doing. We have broken all predictions made in the last four years by an important segment of the world, which forecast that we would collapse in January or June 1992. There is a new theory in vogue now; they now say that we will crumble within three or five years. I invite those who say that to visit us within five years and they will realize what Cuba is capable of doing.

[Unidentified reporter] Mr. Foreign Minister, what do you expect to receive from Venezuela?

[Robaina] We hope to receive understanding and respect from Venezuela and the rest of the world.

[Foreign Minister Ochoa Antich] We have always maintained respect for the Cuban process. We have always stated clearly what we want for Cuba. We believe that is the only way in which two people that respect one another can achieve their objectives of friendship and cooperation. [end recording]

At the end of this impromptu news conference, Cuban Foreign Minister Roberto Robaina reported that Venezuelan Foreign Minister Fernando Ochoa Antich will

pay a political visit to Cuba. He added that the agenda for that meeting has not yet been prepared.

MAS Deputy D'Paola on Special Powers Law

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[Interview with Deputy Victor Hugo D'Paola, chief of the Movement Toward Socialism, MAS, bloc, by Alfredo Palacio in the Venezolana de Television studio in Caracas on "The News" newscast—live]

[Text] [Palacio] You met with President Ramon Velasquez last week, and you agreed to review your stance on the special powers law. Up to now, you have been opposed to the passage of this law. Have you changed your position or are you still opposed to it?

[D'Paola] It was really more than kind of President Velasquez to invite a MAS [Movement Toward Socialism] delegation to discuss this topic. Indeed, MAS Secretary General Freddy Munoz, President Argelia Laya, Hector Perez Marcano, and I had a talk with the president. We pointed out to him it was a little late. We have always seen the media report on meetings in Miraflores with Haydee Castillo of the Social Christian Party [Copei], Henry Ramos, and the Democratic Action [AD] representatives. In sum, the AD and Copei are always in those meetings, while other parties have not been consulted on this matter.

Out of kindness to a man as distinguished as Dr. Velasquez, who is worthy of our total respect, we agreed to consider the topic or review our stance, as he asked us to. Today, 12 July, at 1500, the MAS National Executive Committee is going to meet. During the meeting, we will review the special powers bill.

[Palacio] What are your main objections to the law?

[D'Paola] One is not formal, but it is based on principle for us. Someone like me who is a congressional leader, feels this is very important. It has to do with the Congress' intrinsic authority to enact laws and control the enforcement of the laws. The fact that a state is forced to suspend congressional duties by granting extraordinary powers to the Executive Branch seems inappropriate to us.

[Palacio] Why?

[D'Paola] Chiefly because all the laws contained in the special powers law could have been approved. In fact, we believe that they could be approved.

[Palacio] I understand there are delays with approximately 20 laws that are still in the Chamber of Deputies, as they have not cleared yet.

[D'Paola] The delay is indeed the responsibility of the Congress, but it is also the responsibility of the Executive Branch. The privatization law must clear the Congress. Committee Chairman Isidro Arriage said the bill would be approved in two more sessions. The banking law is ready. The president of the Chamber of Deputies agreed, the joint committees agreed really that the law would be approved. The sales tax and the business assets law are completely ready. Their respective committees are finished with them. We do not see any reason why the laws cannot be completed during the normal period.

What is more, the MAS bloc will propose tomorrow during the board meeting to extend the sessions one more month. I mean four more weeks. Some say this is an election year, and, therefore, politicians who are congressmen must participate in the campaign. We say to them that is why the enormous number of militants the political parties supposedly have. In addition, these electoral campaigns basically are conducted through the news media. That is why, in four more weeks, if we work the five days of the week, morning and afternoon, we could clear these bills through the means established in the Constitution, or through approval by the Congress.

[Palacio] The special powers bill has a very important aspect: the tax laws. What is your stance on this? Different government sources have been quoted as saying it is urgent to approve the tax laws, chiefly the general sales tax better, known as the value added tax, and the tax on business assets. What is your stance on the matter?

[D'Paola] That is the law that defines everything in the special powers law. That is why we are opposed to the special powers law. That is the chief reason. What Venezuela needs is an overall reform of the national tax system. We have had very good recommendations. They have been made all the time. An investigation during the Herrera Campins administration, by a commission chaired by Tomas Enrique Carillo Batalla, produced 32 volumes on this matter. Nothing was done, however. In Venezuela, we have 500 billion bolivares out in the streets that are not collected by those in charge of collecting taxes. We are proposing a formula. Instead of imposing new taxes on the Venezuelan people, the government should find a way to collect the money due to be collected.

[Palacio] The proposal will be fulfilled precisely by the Business Assets Tax Law [Ley de Impuestos Sobre Activos Empresariales].

[D'Paola] Truly. This is a tax on business assets. But I am talking about overdue money that can be collected immediately. We are proposing that this money be distributed on a 50-50 basis, 50 percent to the 22 state governors' offices, and 50 percent to the central government. Such a distribution would greatly help solve the governorships' financial self-sufficiency problems. It has been proposed that the money yielded by IVA [value-added tax], once this tax is approved, should go to the governorships. Anyway, this money would not bridge the government's large fiscal deficit. We are truly proposing alternatives to new taxes.

[Palacios] Moving on to another subject, we have seen the development of the slate procedure in the past few days. A colleague of mine told me we would rather have to call it a short-circuit because of the problems encountered in the selection of the deliberating bodies, particularly circuits, by the uninominal procedure. It has been said there are a number of problems in AD, but that these problems have not yet occurred in MAS. Some think the situation is even worse than it appears on the outside and that the problem would explode any time.

[D'Paola] It is impositions that the people reject, AD's National Executive Committee [CEN]—more than CEN, a pentarchy that governs AD—deciding who should head the slates in the country's states and who should head the circuits. The people do not accept that Copei's political committee, headed by Curiel, should determine who will run in every circuit and, for instance, take the [words indistinct] from Caracas and send it to Petare, thereby imposing on more people there than in Caracas. This will not happen in MAS.

[Palacios] Why not?

[D'Paola] Because in MAS there are....

[Palacios, interrupting] Ambitions and aspirations of many people.

[D'Paola] But there are very clear rulings. MAS would never allow the MAS Executive Council to impose on anyone in a particular (?region). MAS would never allow the National Directorate to impose on anyone. There will be no impositions. The MAS Executive Council does not even care for such a thing.

[Palacios] How will you people handle the relations with the Caldera Convergence, which reportedly also aspires to be included on the MAS slate?

[D'Paola] We are deciding on these things in each of the regions by an agreement, not only with the Caldera Convergence, but with the various members of the groups supporting Caldera. As you know, there are nine organized groups or sectors. Convergence is just one of them. There also are MAS, People's Advance, NEC [expansion unknown], and NIN [expansion unknown]. With everyone of these groups, a working line was approved to unify them in a single slate. At 2000 tonight, there will be a meeting of the National Coordinating Board to support Caldera. Pompey Marquez, Freddy Munoz, and myself will be there in the name of MAS. Tonight, we will discuss several proposals presented by a commission, made up of delegates of all the parties, to propose single slates.

[Palacios] Another subject under discussion is the alleged participation of drug traffickers in electoral campaigns. Apparently this subject is sometimes wielded as a weapon against the adversaries rather than to establish the truth. What do you think?

[D'Paola] It seems alarming to me that banner headlines appear in newspapers from time to time pointing to Venezuela as having been infiltrated by drug traffickers. It is true drug traffickers have seriously penetrated Venezuela culturally, economically, and probably politically. The important thing, however, is that we are capable of fighting this new evil in the current society. This is not an evil in a particular nation but one in all nations of the world and, in particular, all of the American nations, with a big consumer nation, the United States, and several producing nations. The idea is that we should agree to join forces. The Executive Branch does not even coordinate the common efforts of the Interior, Foreign, Defense, Education, and Family Ministries against these problems.

[Palacio] Do you believe drug trafficking has penetrated Venezuelan political parties?

[D'Paola] I believe the Venezuelan economy has been penetrated by drug trafficking. Fortunes appear overnight and no one knows from where the money comes. I believe that Venezuelan banking capital is penetrated by the business of money laundering, the legitimization of capital. If there is a very active and permanent relationship between money and politics in Venezuela and between entrepreneurs and politicians who work for the entrepreneurs, it would not be farfetched to say that one of the ways to launder capital in Venezuela—foreign exchange from drug trafficking—could be through the electoral campaigns.

[Palacio] What electoral campaigns and what parties?

[D'Paola] Electoral campaigns. For me the problem is simply solved by a very clear measure, which the Supreme Electoral Council could even apply with the current law:

1. Campaigns are to be financed only with funds handed out by the Supreme Electoral Council.

2. Campaigns can also be financed by moneys from those individuals who wish to contribute, but this aid must appear with the personal identity number listed following the name and surname.

An example would be: Alfredo Palacio contributes so much and has the following personal identity number registered at the Supreme Electoral Council. This would help us by ensuring cheaper and shorter campaigns.

[Palacio] We thank Deputy Victor Hugo D'Paola, leader of the MAS parliamentary faction, for taking part in this program.